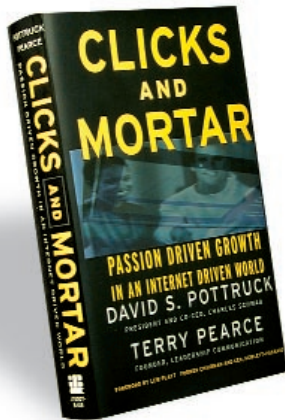




Executive Book Summaries®



By David S. Pottruck and
Terry Pearce

CONTENTS

Creating a Passionate Corporate Culture in an Internet Age

Page 2, 3

From Building Culture to Sustaining Culture

Page 3, 4

Cultivating Commitment Through Diversity

Page 4

Leadership Practices: Inspiring Passion-Driven Change

Page 5

Leadership Communication

Page 5, 6

Using the S-Curve to Achieve Success Through Renewal

Page 6

Growing a Cannibal

Page 6

Bringing Passion to the Internet World

Page 7, 8

Marketing

Page 8

From Brand and Customer Experience to the Future

Page 8

Passion-Driven Growth in an Internet-Driven World

CLICKS AND MORTAR

THE SUMMARY IN BRIEF

The rise of the Internet may seem to have transformed everything about the way business is done. But the future still belongs to passionate companies made up of passionate people who aren't driven mainly by the promise of an IPO payoff. Successful companies in the new century will be those who marry technology with the best qualities of people to create the perfect environment for profitable success. In this summary you will learn what it takes to compete in this new Internet-driven world and what you can do to transform your company into a dynamic, profitable enterprise.

First, you will learn why it's crucial for businesses to develop their own corporate cultures. You will see how your company's culture will inspire and excite everyone whom it touches, including customers. You will learn how the values declared and practiced by your company become part of the company's DNA.

You will also learn how to sustain your company's culture day to day despite barriers and how to assemble a group with diverse backgrounds and experiences who still share the same values, the same business DNA. Given that the workplace is becoming more diverse every day, it is crucial that your business finds ways to embrace that diversity and use it to strengthen your corporate culture.

You will also learn about your special responsibilities and the burdens and lack of privacy that come with being a leader. In this summary, you will begin to appreciate the value of integrity, of doing the right thing not because of the scrutiny you face, but because it is the right thing. You will also begin to see why the ability to really listen to others will be the driving force behind innovation and how including others in the decision-making process results in better decisions even if they don't change your mind.

Next, you will learn how to create the future by creating organizational entrepreneurs through the business planning process and the evaluation process. You will also see why understanding technology and those who produce it is crucial for success. Finally, you will learn how the Internet is changing marketing by making it more personal and customer-driven.



CLICKS AND MORTAR

by David S. Pottruck and Terry Pearce

— THE COMPLETE SUMMARY

Creating a Passionate Corporate Culture in an Internet Age

We all live inside a culture. Culture is the sum of our beliefs, what we accept as right and wrong. A nation's culture speaks to us through its prose, poetry and art, as well as through its government and commerce. So does a corporation's culture.

In a business world driven by the Internet where rapid and continuous innovation is essential to competition, corporate culture is a central competitive advantage. To build a strong corporate culture requires understanding what it is, how it is built, and how it can be sustained.

Today's business environment is very different than it was a few decades ago. Technological advances created global markets and the continual need for innovation. But workers have seen the end of long-term employment. When companies laid off large numbers of workers in the 1980s and 1990s, the employer-employee contract changed dramatically. This shifting attitude is apparent in new applicants seeking work.

In a world with little loyalty, loyalty itself becomes a competitive advantage. The challenge for business is to generate an environment of commitment. Collective beliefs expressed through values, language and action are central to inspiring loyalty, passion and growth in the age of the Internet.

Building a Culture for Growth

We all need food and shelter, we want love and acceptance, we want to leave the earth with the knowledge that there are others who are better off for our having been here. Helping others and knowing that we

Drafting a Values Statement at Charles Schwab

When Charles Schwab grew from a small discount brokerage house to a large one, it became difficult to brief every newcomer on the Charles Schwab corporate culture. What was needed was a document that placed the company in context and explained to new employees what the company was all about.

The task took over 10 months and required the input of 80 executives. Together they traced the history of the firm, revisited the original purpose of the company and reviewed their long-term goals. Though the document changed only a few words, it clearly defined the company's strategic priorities. The leadership committed to a shared goal of servicing 10 million investors and having \$1 trillion in custody within 10 years. The core values statement changed from "to provide **investors** with the most useful and ethical **brokerage services in America**" to "provide **customers** with the most useful and ethical **financial services in the world**."

The values and vision were then shared with every Charles Schwab employee in a series of Town Hall meetings. Frank and open discussions were encouraged as the company's values and goals were shared. The result was a powerful opportunity for culture building that grounded people in something unchanging, built a basis for alignment, served as a filter for people and practices, and exported values to customers.

are helping others is a great joy in life. A corporate culture that reinforces these basic human needs and desires is well poised to compete in the Internet age.

(continued on page 3)

Defining Corporate Culture

Corporate culture is a set of values, a common language, and all the actions that make the values real. Values are those non-negotiable tenets against which we measure the worthiness of our choices. Values don't dictate behavior; instead they form the basis for our judgments of our behaviors. A company's culture defines what is most important at the core to the people in it.

The author: David S. Pottruck is president and co-CEO (with Charles Schwab) of The Charles Schwab Corporation. Terry Pearce is president of Leadership Communication, a teacher at the Haas School of Business at the University of California, Berkeley, and an executive communications officer at Schwab.

Copyright© 2000 by Jossey-Bass, Inc. Summarized by permission of the publisher, Jossey-Bass Inc., a company of John Wiley & Sons Inc., 605 Third Avenue, New York, NY 10158. 314 pages. \$26.00. 0-789-5273-7.

To subscribe: Send your name and address to the address listed below or call us at **1-800-521-1227**. (Outside the U.S. and Canada, 1-610-558-9495.)

To subscribe to the audio edition: Soundview now offers summaries in audio format. Call or write for details.

To buy multiple copies of this summary: Soundview offers discounts for quantity purchases of its summaries. Call or write for details.

Published by Soundview Executive Book Summaries (ISSN 0747-2196), 10 LaCrue Avenue, Concordville, PA 19331 USA, a division of Concentrated Knowledge Corporation. Publisher, George Y. Clement. Publications Director, Maureen L. Solon. Editor-in-Chief, Christopher G. Murray. Published monthly. Subscription, \$89.50 per year in the United States and Canada; and, by airmail, \$95 in Mexico, \$139 to all other countries. Periodicals postage paid at Concordville, PA and additional offices.

POSTMASTER: Send address changes to **Soundview, 10 LaCrue Avenue, Concordville, PA 19331**. Copyright © 2000 by Soundview Executive Book Summaries.

Creating a Passionate Corporate Culture in an Internet Age

(continued from page 2)

Until very recently, the financial services industry wasn't modeled on the premise that its members would find satisfaction in helping others. Rather, the industry believed that it was the customers who needed them. So what happens when a financial services company aligns its values with its employees' need to make a difference in their customers' lives? The company thrives. That's what happened when the brokerage house Charles Schwab modeled its company after the great retailing giants Wal-Mart, Home Depot and the Gap. By focusing on customer service, Charles Schwab has been able to thrive in a highly competitive industry.

Determine and Declare Values: The DNA

Values are at the center of any corporate culture. They are its DNA. The larger your company, the more important it is to get those values down on paper. They form the core from which the processes, practices and procedures your company adopts flow. While the mechanics may change, the values change very little.

While it may seem a simple task to commit your company's values to writing, the truth is it takes an enormous amount of time, energy and input to do it right. ■

From Building Culture to Sustaining Culture

Culture is the bond that holds your organization together even as individuals express themselves differently. Once the vision is clear, it is the commitment of middle management and their employees that make it work.

Barriers to Culture Building

Beware barriers to culture building that appear in people's attitudes and actions. First, fight the stereotype that every business operates within the same "dog-eat-dog" *Dilbert* atmosphere. Don't buy into the myth that building culture wastes precious time. Investing time in culture building is like tuning an engine; it creates efficiency that will pay for itself and make the trip down the road smoother. Another myth is that people naturally work as a team. In fact, they don't. The American culture, with its emphasis on manifest destiny and rugged individualism, isn't particularly team oriented. That only happens with time and effort.

Market Storm Time

Charles Schwab sometimes experiences substantial spikes in volume. When this happens, it's difficult to answer phones and execute trades quickly. To buffer blips in volume, the company has constructed extra telephone and computer facilities in buildings that ordinarily don't house workers directly involved with customers. During what has become known as Market Storm Time, everyone pitches in to answer calls and execute trades. Workers earn premium pay, food is delivered, and everyone works to make sure the corporate value of customer service remains alive and well. Market Storm Time has become a ritual.

They must commit to the vision with personal passion.

If you are in middle management in a company whose values are not yours there is only so much you can do to change things. In a corporate culture of fierce competition, for example, you will have a hard time creating a team play atmosphere.

However, if top level managers haven't articulated their values clearly, or simply haven't seen the value of corporate culture building, you have the opportunity to make a real difference. Within a vacuum, you can set up the kinds of corporate values you want within your sphere of influence. Here's how:

- **Write down the values;**
- **Develop a compelling vision, a statement of aspiration for the organization;**
- **Communicate your thoughts and feelings to your entire group;**
- **Ask for input;**
- **Ask everyone to relate their own jobs to the vision. What are they contributing and how are they contributing it?**

Using Story, Image and Ritual for Common Understanding

Anthropologists identify cultural sustainers as story, image and ritual. Story and image are the language devices that we use to reinforce values. Rituals are the actions that reflect the repetitive, predictable themes of the culture. These three bring abstractions to the realm of everyday existence and provide common meaning to any organization.

Stories make the values of an organization real to those in it. At Charles Schwab, stories that reflect the company's values are told to newcomers to help them

(continued on page 4)

Recruiting to Expand the Population

Sustaining a corporate culture means having to recruit people who get that culture. New employees have to fit in. The best way to get compatible people is to encourage everyone to recruit. If a company is a good place to work, employees will want their friends and family to work there. It's also a good idea to keep a "farm team" on hand. These are people whom you think would be good fits if there were an appropriate opening available. Make it a point to get their cards and keep in touch on a regular basis. Send them articles you think they might enjoy and copies of your annual report. With their cards in your Rolodex, you need never begin a search without good leads.

From Building Culture to Sustaining Culture

(continued from page 3)

get what the company is all about. For example, a favorite story reflects the Charles Schwab value of "fairness." When the market crashed in 1987, there were a few customers who owed the company a lot of money, mainly because they had been trading on margin. When the decline hit the market, one customer owed more than his net worth. In fact, all that was left was an IRA account and a home. Rather than take the assets, the company reached an agreement that the elderly couple could live in the home until their death and then it would be sold to satisfy the obligation.

We remember about 80 percent of what we see and only 20 percent of what we hear. The world of images and visual symbols is a powerful one. For corporate cultures, this means that logos, advertising programs and everything visual about the work environment have great power. Take the case of logos. Often these are abstract graphics with no meaning attached until the company imbues them with it. A perfect example is the Red Cross, now instantly recognizable worldwide.

You must be careful that the words you use to describe people and things in your company don't conjure up negative feelings and impressions. For example, don't describe the cubicles employees work in as "veal pens," employees as the "troops," or low-level workers as the "rank and file."

Rituals are also important, whether it is the way meetings are begun and ended, or an annual employee survey. These actions solidify corporate values and are a constant in a changing world. ■

Cultivating Commitment Through Diversity

While some consultants may tell you the value of having a diverse work force lies in mirroring your client base, others suggest another reason. They point to the stimulating nature of working with people from different backgrounds who bring significantly different perspectives to bear on a business. Diversity in the workplace stimulates social, economic, intellectual and emotional growth while it helps the organization understand its place in the global community.

In addition, globalization and the Internet have created an environment that is strictly competence based and blind to differences that spawn prejudice, such as sex, age, ethnicity and race. The result is that you should and will have to do more than tolerate diversity; you and your company must embrace it. The fact is that the workplace is becoming more diverse whether everyone likes it or not. It is a demographic reality that minorities and women will be the majority of new entries into the workplace in a very short time.

The key to attracting and really engaging a diverse group of people is making sure that they know they can contribute, and making sure their contribution is worthwhile. In industries where the customer is traditionally a white male, this can be very difficult since it requires that a more diverse customer base also needs to be cultivated. The financial services industry, for example, is making strides to encourage more women and racial minorities to begin active investing.

If your company wants to reap the benefits diversity can yield, you need to be mindful of its core values. Your company should be a place where *every person who shares the fundamental values of the firm*, regardless of age, race, ethnicity, sexual orientation or gender, can be productive and feel fully included. Becoming more inclusive does not mean changing core values, but instead means providing an open door to anyone who believes in the company's mission. ■

Diversity Leadership Practices

Change does not come easily. How do you wholeheartedly embrace ideas and practices that may disturb your comfort levels for some time? By looking at the horizon, deciding what future you want, and beginning. It helps to acknowledge some basic concepts:

- values and vision drive change,
- we all have to change, and it isn't comfortable, and
- constructive conflict is positive.

Leadership Practices: Inspiring Passion-Driven Change

Effective leaders share some common characteristics. These include the personal conviction that your work is valuable, the ability to earn the trust of others through your actions and words, and the ability to inspire.

Whether it's a company or an individual, what generates or destroys trust is what is actually said and what actually happens. The higher up you are in your organization, the harder it becomes to escape scrutiny, and matching words with action becomes crucial to building trust. Rank has its privileges, but privacy isn't one of them. Everything you do or say is amplified by the media, by analysts, and by the company rumor mill. Be aware that appearances and perceptions often become reality. As a leader, you must learn to raise your behavior to the point where it's beyond reproach, where even your enemies can't twist it or see it in a different light.

Character breeds passion, both personal and corporate. Virtually everyone wants to work with people who have impeccable character. To be such a person, you need to focus on responsibility, integrity and generosity of spirit. You must also be a person of vision, competence, inspiration and honesty. How do you become such a person? There are steps you can take including:

- If you haven't already done so, spend time exploring your personal values. If you are going to model your company's culture, it's important that you are aligned with the company.
- Review your personal and business behavior and decisions over the past year and measure them against your values.
- Emulate the characteristics you observe in those you trust.
- Ask your peers and your boss to tell you how consistently your values line up with your actions.
- Ask yourself if the action you are about to take could be twisted by your enemies to look bad. If you find yourself defending your actions, consider whether your actions could have been different. Pay attention to negative feedback.
- Finally, take the time occasionally to talk to those at a different level and ask their opinion and tell them you appreciate their contributions to the company. ■

Leadership Communication

We live in the Communication Age, not the Information Age. True, new technologies let us accumulate information like never before. But our major task is not gathering information; technology does that for us. Instead our major task is to make the information avail-

Considering Affected Workers Softens Impact of Unpopular Move

When Charles Schwab decided to open all its offices on Saturday mornings, it seemed like a good idea to everyone making the decision. But because not everyone who should have been consulted about the change had an opportunity for input, it soon became apparent that it wasn't such a good decision after all. The change was announced without much input from the field, and without taking into account which offices were likely to actually have customers walk in on a Saturday morning. It wasn't until the president acknowledged that Saturday hours would disrupt family life for some and might not be right for every office that employees got behind the idea. They might not have liked the idea much better, but at least they felt as if they had been heard and their opinion had value.

able at our fingertips useful. Your job is to make information useful and meaningful to others.

E-mail and voice-mail have exacerbated the problem. These technologies have made it easier to believe we are communicating when we are merely informing. In some ways, these new forms of communication have become incessant distractions.

The problem with voice and e-mail is that it presumes that communication is telling and instructing rather than engaging in an exchange of ideas. In business, leaders need to listen to others, engage them in two-way conversations, and then make a decision while acknowledging that differences will remain. Acknowledging resistance to a decision doesn't mean giving up your point of view or that others should have their way. It means others know they have been genuinely heard and considered, even if the hearing and considering didn't change your mind.

From Leadership Communication to Generating Innovation

To build passion and commitment to a business mission in a world dominated by information, and to build an atmosphere that compels participation and contribution, leaders have to deploy themselves frequently, personally, and skillfully. That means you must make leadership communication your number one priority. Monitor what questions you are asked, probe deeper to the real meaning, share your vision and your values, and solicit feedback actively. If you do this, you will begin to see a new level of interest and excitement, which will

(continued on page 6)

Leadership Communication

(continued from page 5)

increase productivity for the whole organization.

A company where everyone's contribution is solicited and welcomed is one that will innovate. It's up to you as a leader to make it safe to criticize current procedures or suggest entirely new ways of doing things, and then protect and nurture the implementation of ideas. This takes more than being a role model and creating great communications. These leadership practices are the beginning. The next order of business is to create a field of innovation where new ideas of any kind can emerge at a rapid rate.

One key to transformation is to recognize that what drives innovation is what's good for the customer. When the customer doesn't want what you offer, it affects performance rapidly, and investors get grumpy. You must learn to look at things from the customer's perspective, not your own. A perfect example is the rise of the Internet, which has raised the innovation bar to a new high, especially for businesses that started out with branches and telephones as the customer contact points. The challenge will be to use the Internet to deliver information and convenience while not using it as a substitute for direct interaction between people. ■

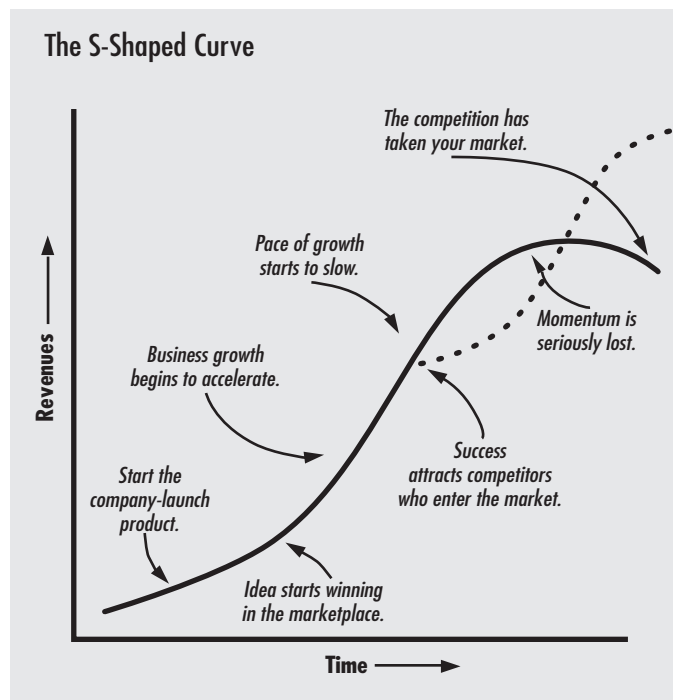
Using the S-Curve to Achieve Success Through Renewal

All businesses operate on a life cycle. As you start your new company your idea begins to gain favor in the marketplace. As demand increases, sales are helped by falling costs. Business is good. You climb up the S-Curve steadily. But before long your success attracts imitators who want to cash in on your model. They go for the areas where you are most vulnerable, and do what you've done better, faster and cheaper. If you respond by cutting costs or price, you extend the time it takes you to head down the S-Curve, but you don't stop the process.

With the advent of the Internet age, business cycles that before were measured in years now are measured in months or even weeks. The key is continual innovation to keep you climbing the S-Curve rather than plunging down the other side.

Sears Slides Down the S-Curve

Perhaps no better example of the S-Curve exists than retailer Sears. From the top of the S-Curve, Sears faced competition from all fronts. First Wal-Mart saw the promise Sears held, and imitated it with several crucial differences. Wal-Mart located places Sears



hadn't touched, gave better service and charged less. Next, catalog companies like L.L. Bean and Eddie Bauer claimed the most profitable niches in the mail order business. Before long Sears was on the down side of the S-Curve. ■

Growing a Cannibal

Ideas that have the potential to literally transform the existing practice of the company or organization, or even an industry, are cannibal ideas. Cannibals are by nature threatening. Study start-ups to get an idea of the power of innovation, then adapt it to your company.

Start-up ideas must be incubated, which isn't easy within an established company with set ways. By finding ways to grow a cannibal within your company, you can continue to innovate. Charles Schwab grew a cannibal when in the winter of 1995 it was becoming obvious that personal computers would change the way people invest. By funding a project that would get them into the on-line brokerage business, the company was looking at an innovation which could radically change the way it did things.

The project was located away from the main body of Schwab, and the manager was given free reign to innovate. It was separated to give it the opportunity to grow and respond to the changing world outside the established guidelines for profitability and without having to compete with the rest of the company for resources. Over the next two years, the cannibal became the largest online brokerage around. Eventually, the successful venture was integrated back into the company. ■

Swiss Watch Industry Innovates to Recover After Blunder

The Swiss watch industry was once the leader in the industry, but lost the low to medium end of the watch market because of a blunder.

The digital watch was invented by a Swiss engineer, who didn't bother to patent it. Instead, he put it on display at an international watch show in Geneva as an electronic novelty. When engineers from Texas Instruments and Seiko saw it, they saw the future. Within a short time the Swiss lost most of the low to medium-end market, because they were narrowly focused on expensive precise analog watches. Their industry didn't recover until it reinvented itself by competing on style rather than function by putting together a consortium now known as SWATCH.

Bringing Passion to the Internet World

New technologies allow companies to measure business results in real time, as data can be updated continuously. Because we don't have to wait for year-end figures, we can make decisions on far less experience than we have in the past. Daily or even minute-by-minute sales reports help manufacturing companies time purchases to coincide precisely with what they need. Every business unit, from the cafeteria to the warehouse to the showroom, can plan for goods and labor to arrive "just in time."

Creating the Future with Measurement

While we can easily measure the business through new technologies, the challenge is to measure individual performance and to create the new ideal general manager, the "organizational entrepreneur." One way to encourage his or her development is through the process of building a budget rather than having the budget be something that is negotiated with upper-level management or decreed from above. The process requires applying four principles:

1. Establishing trust by agreeing on the basics;
2. Putting the vision first;
3. Planning as a team, with full disclosure; and
4. Contributing to the whole.

Through the process, budgets are arrived at in a way that encourages teamwork. In addition, budgeting requires that money be set aside for agreed upon developmental projects and for individual bonuses for reaching appropriate targets. By setting appropriate budgets and targets for growth, you will be able to measure your business' success.

Of course, individuals must also be measured. Without doubt, the most important measuring device of the new economy is the individual performance appraisal. The performance appraisal can be easily misused if it becomes nothing more than a form or process. It must be the documentation of the relationship between two people to have real value. And if the purpose is to stimulate commitment to the company, it must be much more than a critique. It needs to be a positive, constructive, trust-building process. Here are some keys to productive performance appraisals:

- **Separate numbers from development.** Numbers digitize reality for convenience. They can't replace discussion of the traits, behaviors and skills that are reflective of personal growth.
- **Use the antidote of caring.** The best way to mitigate an employee's defensiveness at evaluation time is by demonstrating a real interest in him or her.
- **Create a broad foundation of regular contact.** Review time shouldn't be the only time the two of you interact.
- **Make even a formal review a thoughtful conversation.**
- **Focus on the future.**

From Measurement to Understanding Technology

In a world that demands passion and commitment, we need to adapt. We need to rethink what traits, skills and behaviors it will take to bring disparate people together and hold them together in the world of tomorrow. Individual performance must be aligned with the needs of your company. New hires are screened for qualities deemed important as are current employees being assessed for increased responsibilities. The qualities include a passion for service, the capacity to inspire trust, effective communication skills, desire for self-development, a results orientation, the ability to build organizational relationships and to lead change and innovation while inspiring others, and the ability to manage resources and technology well.

The last characteristic is becoming increasingly important. This requires that you understand not just the technology, but the people who build it. You need to get the technologists behind the vision of servicing customers, and make sure that everyone is conversant with and aligned with the values of the company. When that's in place, both businessperson and technologist will be open to using their respective skills toward the same end. To reach that end, though, requires understanding the technologist better.

(continued on page 8)

Technology Project Criteria

Use the following criteria to judge a project's risks versus benefits:

- The size of the expenditure relative to its return and in absolute dollars;
- The project's duration. Projects longer than a year need to be broken down into interim goals;
- The project's technological reach, especially if it seems beyond your current capability;
- Whether the project will require major hardware changes; and
- Whether you have the people on board to complete the project.

Bringing Passion to the Internet World

(continued from page 7)

Technologists need skills that are literal in order to get technology to work. Computers don't deal well with approximations. But don't make the mistake of assuming that technologists are literal in all their thinking. For example, companies that assume technologists are only motivated by digitally measured incentives, and reward them solely with more money, are missing an opportunity to get them involved in company values and passions. On the other hand, the technologists' emphasis on precision should serve as a lesson for the rest of us who are happy with approximations. When both technologists and non-technologists understand each other's needs for a project, and get the information that's crucial, the resulting technology will do what both intended.

A good leader also must understand something about the technology itself. If you don't know how to operate the technology, it's time to learn. Get a tutor, go back to school — do whatever it takes to get up to speed. Understanding technology will be one of the core competencies expected in the next century. ■

Marketing

Marketing in the Internet age is becoming more personal. The Internet is the route back to intimacy and customization after a century of mass production. The shift is from "This is what I make, please buy it" to "This is what I want, please make it."

You must therefore learn to listen to the customer. Fortunately, technology makes that easier than ever before. But that doesn't mean the old rules about marketing can be forgotten. It's still true that you must test your theories in the field and measure their accuracy by results.

E-mail is in many ways an ideal marketing tool. It

doesn't interrupt dinner, it waits until the customer is ready to read it, it can be personalized, and it doesn't cost a lot to send. However, as customers begin receiving unwanted e-mail, be prepared for regulation. Those who succeed in e-mail marketing will be those who get the right combination of data-mining, segmentation and customization.

As companies compete on the Internet, they will need to distinguish between building brand recognition by "shouting" and building their brand through providing service over time consistent with the company's promises. Giving people what they want and letting them know about it is what builds brand and loyalty. Brand becomes a shorthand statement of expectation and promise and assures a level of consistency.

After the hype dies down, the Internet will probably prove able to deliver new models of information distribution, product ordering and client relationship building. But clicks won't replace the world of mortar. The retail store, the church or synagogue, and the local coffee store will remain. However, firms had better learn to adapt to the Internet if they want to thrive in the new economy. ■

From Brand and Customer Experience to the Future

We are entering an era in business when the competition will not just be for excellence of product. It will increasingly be for excellence of service, of customer caring, of brand building, of relationship. The Internet will make ordering merchandise or doing transactions simple. Companies, then, will need to focus on the intangibles to make a difference.

In this new era of nearly runaway technology, success will depend more than ever on people — what they want as customers, what they crave in their work, what they invest in as stockholders. The technology is just a tool for people to learn what they want to learn, do the work they want to do, and get whatever material and nonmaterial things they want and need.

In the past, when products were more tangible and there was no easy way to change overnight, incumbents had great advantages. They had scale, brand, distribution, technology and access to capital. Now, those advantages can often be a disadvantage. Today it takes more than inventory to attract capital, it takes flexibility and creativity. This takes a special sort of team and a spirit that wasn't necessary before. That's why culture, leadership, and other tools for building passion must be improved at the same pace as the technology. The "com" in "dot com" has to stand for "community" as well as "commerce." ■