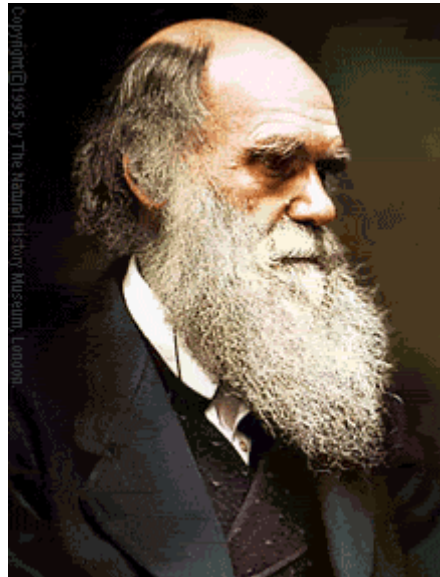


# METEORITES IN THE MARKETPLACE

## Lessons From Darwinian Evolution

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Business commentators enjoy scouring other disciplines for insights and universal truths that may instruct their thinking or, more likely, bolster their opinions. With key words such as *survival*, *adaptation* and of course *extinction*, Darwinian evolution was always been fertile ground for conflation. The word *evolution* appears everywhere though it doesn't seem to mean much – business evolution, evolution not revolution – it's simply a grander way of saying development. Having studied zoology and worked in marketing communications for several years, I have often wondered whether Darwinian evolution could produce genuine insights for business. Can evolutionary theory show companies how to become the dominant species in an economic environment and avoid extinction? Or should we drop the affectation because it's nonsense?



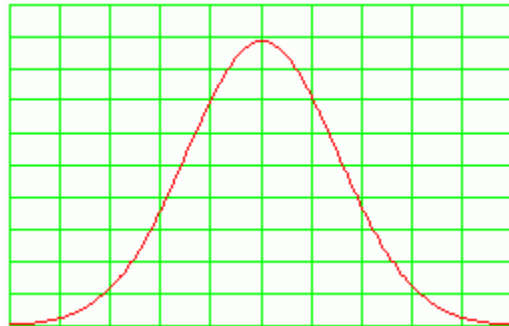
Let me start by stating what evolution is not about. Evolution is often used to describe progress, which is incorrect. That definition could never countenance a blind cave-dwelling salamander as an improvement over its sighted ancestors. Would the axolotl, an amphibian tadpole that can reproduce, be seen as an improvement over its forebears that made it all the way to adulthood? And why did ostriches and emus abandon winged flight to bury their heads in the antipodean sands? In evolutionary terms, progress is a meaningless concept; what matters are change and adaptation.

Evolution is often seen as a biological career ladder where the more primitive forms are struggling to evolve into the hierarchy above. However, fish are not frustrated amphibia, which in turn are not frustrated reptiles and apes are not trying to emulate humans, in spite of years of pointless experiments to uncover their proto-human communication skills.

But perhaps the greatest misconception of all is that evolution is purposeful. The truth is that evolution doesn't have a purpose any more than weather has a purpose, it happens. Animals and plants have no ambitions to evolve up the evolutionary tree, they are perfectly happy (excuse the teleology) the way they are. These assumptions about evolution are simply projections of the way human societies work, where a division of labour provides mutually supportive bakers and cobblers and double-glazing telesales operators.

### **Is extinction inevitable?**

In *'Extinction, Evolution and the End of Man'* Michael Boulter, gives a chilling account of the effect humans are having on the planet, he describes how the study of the fossil records reveals a consistent pattern in the rise and inevitable extinction of all animal and plants groups. The stopwatch ticks exceedingly slowly but from the day a new evolutionary invention establishes a foothold on the planet, the seeds of its eventual demise are already sewn. The pattern of evolution follows the familiar bell-shaped curve.



As it happens, the dinosaurs were already on the way out when they finally disappeared 65 million years ago thanks to the giant meteor that struck off the coast of Florida. But dinosaurs had reigned supreme for over 150 million years. Humans have barely been in existence for one million years so the much-maligned dinosaur had a long and illustrious track record of success. Their extinction was not a design failure, the meteor simply brought forward their sell-by date. Companies also have a limited shelf life; very few last beyond 70 years, though there are some notable exceptions such as the Japanese family firm of temple builders, Kongo Gumi, that was founded in 578.

So how much longer will we humans be around? According to Boulter, all mammals will be extinct in about 900 million years from now, which includes us. And it's unlikely that humans will call last orders on the mammalian saga; rats and bats are more likely close the chapter. The good news if you take the long view is that the Earth will be able to enjoy many hundreds of millions of years without our destructive influence. It will be ruled by insects, birds and a variety of creepy crawlies. The only sadness, as Boulter points out, is that no conscious beings will be there to behold the Earth's beauty.

The essence of Darwinian evolution is that changes in an organism's environment favour one particular genome over another. The favoured genes will, in all probability, have already been there – silent mutations waiting for their moment of glory. Until the environment changed, they had no competitive advantage so their frequency in the population remained low. Then something happened to promote the fortunes of particular genes. Evolution takes place one gene at a time; it is totally unsentimental and lacks any purpose. Over millions of years, a great many tiny changes may add up to grand inventions such as dinosaurs, killer viruses or humans.

So do markets behave like Darwinian systems? In that they are complex, difficult to predict and have no inherent logic the answer is probably yes. There are variations in products from which the market can choose and it is generally assumed that the greater the choice the more viable the market. There is certainly the equivalent of latent genes that enjoy unexpected successes; the winning toys that catch out toy manufacturers every Christmas.

Extinction is inevitable and desirable in markets. You can try to build it into the product lifecycle but it's hard to predict when it will take place and almost impossible to stop it once a product is on the downward slope of its bell-curve. Take the ascendance of snowboards over skis – multi-million pound business decimated in a few seasons.

If a measure of a company's success is its longevity, then perhaps those that survive the longest are better adapted to cope with change, more sensitive to the signals from the marketplace. It is safe to assume that these companies are not managed by people who go for an evolutionary approach. So that's the lesson perhaps, the fundamental contradiction; organisations that take an 'evolutionary' approach are more likely to become extinct while the innovators and risk takers are more likely to survive.

There are perhaps three lessons to be learned from Darwinian evolution:

- Search your corporate genome for latent success factors
- Keep a look out for meteorites
- Don't take an evolutionary approach

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