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The Starfish and the Spider: The Unstoppable Power of Leaderless Organizations

by Ori Brafman, Rod A. Beckstrom

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20 Highlights

Highlight (Yellow) | Location 233

Because there was no capital and no central command post, Apache decisions were made all over the place. A raid on a Spanish settlement, for example, could be conceived in one place, organized in another, and carried out in yet another. You never knew where the Apaches would be coming from. In one sense, there was no place where important decisions were made, and in another sense, decisions were made by everybody everywhere.

Highlight (Yellow) | Location 247

This is the first major principle of decentralization: when attacked, a decentralized organization tends to become even more open and decentralized. Back in our twenty-first-century reenactment of the conflict, the music labels took on the role of the Spanish. The part of the Aztecs was played by P2P companies like Grokster and Napster. The labels slapped on lawsuits and brought in modern-day conquistadors like Verrilli. As we saw, these tactics worked, and Napster went out of business. The labels defeated Napster because it was more centralized than not.

Highlight (Yellow) | Location 275

A similar cat-and-mouse game ensued between the labels and companies like Grokster and eDonkey, which closely resembled Kazaa. Remember Verrilli? By the time he argued MGM's case against Grokster in 2005, the record labels' strategy had two huge problems. Not only was it ineffective, but it was making the problem worse.

Highlight (Yellow) | Location 372

And this brings us to the second principle of decentralization: it's easy to mistake starfish for spiders. When we first encounter a collection of file-swapping teenagers, or a native tribe in the Arizona desert, their power is easy to overlook. We need an entirely different set of tools in order to understand them.

Highlight (Yellow) | Location 420

It's not that open systems necessarily make better decisions. It's just that they're able to respond more quickly because each member has access to knowledge and the ability to make direct use of it. This brings us to the third principle of decentralization: an open system doesn't have central intelligence; the intelligence is spread throughout the system. Information and knowledge naturally filter in at the edges, closer to where the action is.

Highlight (Yellow) | Location 429

The fourth principle of decentralization is that open systems can easily mutate.

Highlight (Yellow) | Location 443

Whether you're a spider or just an observer on the battlefield, eventually you'll realize the fifth principle of decentralization: the decentralized organization sneaks up on you. Because the decentralized organization mutates so quickly, it can also grow incredibly quickly.

Highlight (Yellow) | Location 488

This is the sixth principle of decentralization: as industries become decentralized, overall profits decrease.

Highlight (Yellow) | Location 765

First, the quality of the articles is outstanding—the vast majority are clearly written and succinct and have just the right level of depth. People take great care in making the articles objective, accurate, and easy to understand. This brings us to the seventh principle of decentralization: put people into an open system and they'll automatically want to contribute.

Highlight (Yellow) | Location 850

When you give people freedom, you get chaos, but you also get incredible creativity.

Highlight (Yellow) | Location 871

When abolitionists organized sugar boycotts, the industry warned people that not eating sugar was bad for your teeth. To say that Sharp had an uphill battle ahead of him is an understatement. When Sharp started his campaign, he didn't have access to the powerful elite. His cause went against public sentiment, and he was going against big business interests. But he started a crusade nonetheless. He continued defending slaves' rights in court, wrote and distributed abolitionist literature, and talked about slavery to everyone he met. After eighteen years, Sharp had made some progress on his campaigns, but things really started to take off when he turned to the Quakers. Now, in eighteenth-century London, the Quakers were viewed in the same way that the Hare Krishna are viewed today. They were a marginalized religion, often mocked for their peculiarities (like refusing to take their hats off when they greeted others and calling people "thou" instead of "you"). Unlike the Hare Krishna, however, the Quakers had always been nonhierarchical, shunning priests and other higher-ups.

Highlight (Yellow) | Location 883

A decentralized organization stands on five legs. As with the starfish, it can lose a leg or two and still survive. But when you have all the legs working together, a decentralized organization can really take off.

Highlight (Yellow) | Location 938

In open organizations, a catalyst is the person who initiates a circle and then fades away into the background.

Highlight (Yellow) | Location 974

not just about community, not just about getting stuff for free, not just about freedom and trust. Ideology is the glue that holds decentralized organizations together. The Apaches held a common belief that they belonged on the land and deserved to be self-governing. Those few Apaches who didn't hold this ideology accepted the Spanish invitation to become farmers and integrate into a centralized system. But those who stayed with the tribe held firmly to the notion of independence. Anyone who interfered with that ideology—whether a Spaniard, a Mexican, or an American—became the enemy. The Apaches held to their ideology so strongly that they were willing to fight and sacrifice themselves for their cause. Without the ideology, the Apaches wouldn't have had the motivation to remain decentralized.

Highlight (Yellow) | Location 1194

Auren's most interesting role, however, is as a catalyst-for-hire. His firm, Stonebrick, allows companies to create and draw upon decentralized networks. "Sometimes I can't believe people actually pay me for this," he said when describing his work. "The basic idea behind Stonebrick is to help companies find either customers or partners and help them build long-term relationships." Companies hire Auren because he's able to navigate complex social networks. Auren constantly maps relationships in a way that is nearly impossible for most people. "A lot of people that you want to meet are not direct revenue relationships," he explained. "You might want to meet someone who's not necessarily a customer, say, but who might introduce you to customers. Or it could be someone who becomes a customer three or four years down the road." For Auren, making introductions is intuitive. If most of us started thinking about all the people we know, trying to figure out who might benefit from knowing whom and how we could introduce them, we'd quickly get a headache. But for Auren, it comes naturally: "The thing I do when I meet someone is make a map: you went to school at Berkeley, so . . . you must know so-and-so. I always make that map every time I meet somebody."

Highlight (Yellow) | Location 1710

Companies like eBay combine the best of both worlds—the bottom-up approach of decentralization and the structure, control, and resulting profit potential of centralization. Representing the first of two types of hybrid organizations, eBay is a centralized company that decentralizes the customer experience.

Highlight (Yellow) | Location 1847

When Jack Welch, GE's charismatic leader, took the reins, GE was a highly centralized bureaucracy in need of a healthy overhaul. Although much has been written about Welch's values, his real genius was in decentralizing the massive organization. He separated GE into different units that had to perform as standalone businesses. Each unit maintained its own profit-and-loss statement. Units were so independent that if unit A wanted to buy a product from unit B, it had to pay the full market price. At first, this approach seemed ridiculous. Why would you intentionally segment your company? Why would you create distance between departments? Why would

you eliminate the very advantage that being a large company affords? But Welch's approach benefited GE because it made each unit accountable and did away with inefficiencies. The business rules across the company were: be number one or two in a market or get out, and generate high returns on investments. If a business unit failed in either of these areas, it was sold. Welch's method ensured that each unit was being run profitably, while allowing unit heads significant flexibility and independence. The plan worked. GE's market value skyrocketed. Valued at \$12 billion in 1981, it was valued at \$375 billion twenty-five years later.

Highlight (Yellow) | Location 1949

Take a moment and imagine that you're the head of Toyota. How many worker suggestions would you implement? Assuming that the majority of suggestions are well meaning but erroneous—15 percent? Playing the odds that half of the suggestions are likely to be helpful—50 percent? Try 100 percent. Just like Wikipedia edits, each and every suggestion made by a Toyota line worker was implemented. In decentralized fashion, teams functioned like a circle, and whatever ideas employees had for innovation were put into practice. And in Wikipedia fashion, if someone's suggestion proved counterproductive, another employee would inevitably make a suggestion to undo the previous suggestion.

Highlight (Yellow) | Location 2097

That's why the French, for example, after fighting World War I in muddy trenches along the Western Front, decided to be well prepared for World War II. They poured resources into the construction of the Maginot Line, a series of forts and expansive tunnels that spanned over one hundred kilometers. The Maginot Line might have worked well in World War I, but twenty-two years later it was no match for the German army and its new weapons. The expensive, old-fashioned trench system was useless. Technology had changed the rules of warfare, and within a matter of weeks the Germans had full control of France.

Highlight (Yellow) | Location 2116

We have entered a new world where being small can provide a fundamental economic advantage. As diseconomies of scale increase, the cost of entering a new market dramatically decreases. How hard is it to start an online classified ad site? Not very. Size matters. The small rule.
