Introduction

In many ways, we started this book 25 years ago at 46 Leckford Road in Oxford, England, where we met as American students in 1968. We shared a vision that seemed like a dream in the 1960s: a world that works. For all the nightmarish interludes that continue to plague the world, we still hold to our original inspiration.

"A World That Works"

We believe the teamnet factor can help solve the world's problems. To paraphrase Archimedes, "Give me a lever and a place to stand on, and I will move the earth." Our teamnet lever increases people's ability to do things together. By improving how new horizontal organizations operate, we complement the traditional prescriptions of vertical hierarchy. By offering new tools to manage change, we help people tackle all kinds of problems and opportunities with greater effectiveness.

Piecemeal solutions to urgent crises are monstrously time consuming. In the end, they are ineffective because real problems don't come one-by-one. Problems are messy creatures. They appear in untidy clumps, hooked to other quagmires near and far.

Problems cross boundaries. While distributed across places and situations, they also interconnect. With a big enough view, you ultimately can tie together most problems in business as well as in every other important part of life.

Together, we stand in many places. Together, we can move the world with the teamnet lever. The fulcrums we use are the multiple interconnected opportunities for constructive change. You know about some of these points of possibility in your own

world. You have your own special contribution to make with teamnets.

Teamnets meet the need to work faster, smarter, and more flexibly to solve problems and gain competitive advantage. The need for boundary crossing organizations dovetails with expanding technological capabilities. With new ways to connect continuing to explode throughout the 1990s, people who work apart are becoming increasingly productive.

Teamnets offer an *organizational advantage.* It's available to be reaped by all sizes of companies:

?Today, no company can go it alone all the time. It's too complicated and too expensive. Right now, it means missed opportunities. Tomorrow, it means going out of business.

?The right organization gives you the right edge—the power of partners, speed of multiple decision-makers, and flexibility of voluntary links.

?Teamnets are networks of teams. They're the new organizations that companies use to do business across boundaries—inside and out. Teamnets are about *crossing* boundaries.

?Co-opetition is key to future vitality—when companies cooperate and compete at the same time.

?Successful teamnets have fewer bosses and more leaders. Hierarchies limit the number of power seats. Teamnets increase them.

?Use teamnets to shrink hierarchies and replace bureaucracies.

?Teamnets between companies—sharing costs and pooling talents—create business. More business means more jobs. Teamnets can drive economic development.

The TeamNet Factor is 20 years in the making. We have lived teamnets as well as studied them. We have endured and delighted in them, created and buried them. And we have learned, practiced, revised, and revisited teamnet ideas as a full-time job for the last decade.

The Road to Teamnets

When we returned from Oxford, we took a path we hadn't anticipated. Instead of taking jobs in big companies or universities (or moving to a farm to grow organic vegetables), we started our own business, simply by developing and selling our expertise. Our first foray was in the field of cable television. It appealed to us because of its promise for distributed, two-way communication. In 1971, we bought a computer—and so many since that we could start a museum—that radically changed our ability to process information. With this programmable calculator, we developed an econometric model that assessed the viability of cable television franchises. We found ourselves competing for contracts against RAND Corporation and Mitre, and when we sometimes won, we realized that we were in the consulting business.

It's been more than 20 years, and we're still in the consulting business. We've always been self-employed, and we've always had to face the same problems other small business people have. Fortunately, our parents and grandparents on both sides of our families also owned their own small businesses, which gave us certain advantages. We knew from family experience what it was like to have employees, worry about cash flow, satisfy customers, and do the books. This life education was very different from what we learned from our Oxford tutors.

Through an unpredictable series of extraordinarily lucky, often last-minute, breaks (one dear friend describes our lives as "The Perils of Pauline"), we've had the chance to work on some very large-scale projects. In the mid-1970s, we worked for three years as consultants to the U.S. Department of Commerce Fire Administrations new effort to develop a fire prevention education program throughout the United States. This gave us the chance to think about solving national problems while working in such diverse localities as Dade County, Florida; Tulsa, Oklahoma; Salem, Oregon; and downtown Chicago.

In the meantime, our consulting business flourished, but grew simultaneously boring and frantic. Then, one day, we saw the results of our research on another project used for purposes that clashed with our ethics. Burned out, within a few months (the same time as the birth of our first child) we stopped all consulting, and retreated to our house to rethink our purpose. We studied systems theory, finished a doctorate (and had it published), wrote some articles (and a book that was never published), and generally anguished over what would come next.

About a year later, we began to write a book about networks—informal, peer-based, horizontally structured organizations. We started our research in 1979 by writing to one person whom we knew to be interested in the idea. Robert A. Smith, III, who died in 1990, was our first network correspondent. Having recently retired from NASA, Bob then was living quietly in Abbeville, Alabama, but his network reached around the world. Using letters as his primary medium of communication, Bob had a network unlike anyone else's:

at one time or another, he sent us Ted Koppel's and Alvin Toffler's home addresses, put us in direct communication with Warren Bennis and Norman Cousins, and led us, literally, to a list of people that numbers in the hundreds of thousands.

Bob responded to our initial inquiry by sending us the names of nine other people. We wrote to them, and six wrote back, suggesting more people to contact. We followed up on those names, and within 18 months, we received the names of 50,000 people around the world interested in networking. We wrote to 4,000 of those people, and 1,600 wrote back, a remarkable 40 percent response rate. (In the midst of all this, our second daughter appeared.) Those were the people whose organizations we chronicled in our first book, *Networking: The First Report and Directory* (New York: Doubleday, 1982). Since that time, people in more than 70 countries have contacted us about their networks.

The reaction to our first book astonished us. Although we did our initial research largely in the grass roots and counterculture, our response came from the mainstream, particularly corporate America. With hindsight, this does not now seem surprising. Published

the same year as *Networking,* John Naisbitt's best-seller *Megatrends* had identified "Hierarchy to Networking" as the 8th global megatrend and cited some of our early research in the area.' A decade later, this trend is no longer the stuff of future prognostication. It is the shape of fundamental change happening now.

While leading-edge thinking pointed to the emerging organizational form of networks, little was known about what makes them work. Even less was known about how to manage them. After *Networking* came out, our core mission became to learn what makes networks tick and how to improve them. Late in 1982, we started a business again, The Networking Institute, Inc. Soon we were back into full-time consulting, this time with Fortune 500—type clients. We became small business people who lived in the big business world.

One opportunity came in 1984 when we served as faculty at the Western Behavioral Sciences Institute's executive management program in La Jolla, California. Among the students were executives from a number of high-tech firms, including Bill Johnson of Digital Equipment Corporation, the vice president who led Digital's computer networking effort for many years. He saw a fit between his company's products and our work. For the next eight years, we worked closely with Digital, both on internal projects and with Digital's customers, among the world's largest users of computer networks.

Another 1984 surprise came when Japan's Economic Planning Agency translated our book; Toppan Printing Company, the third-largest publisher in the world, printed it; and President-sha, one of Japan's largest houses, published it. The book caused a small group in Japan to form the Networking Research Society. Supported by the Toyota Foundation, the country's largest philanthropy, they started study groups throughout the country using *Networking* (also its title in Japanese) as the study guide. Their mission was to understand a first in the country's history: the sudden spontaneous appearance of thousands of small independent voluntary associations all over Japan. Over the next five years, the group surveyed thousands of groups and hundreds of municipal governments. *Asahi*

Journal, the Japanese weekly magazine comparable to *The Atlantic Monthly,* published 200 consecutive stories about the country's networking movement.

In 1989, Toyota Foundation invited us to keynote the First Japan Networkers' Conference along with numerous other gatherings. During that tour, we met people from all walks of Japanese life— disability rights activists, farmers, artists, students, teachers, journalists, business executives, doctors, lawyers, and government officials. In Kanagawa Prefecture, Japan's second largest "state," we met Governor Kazuji Nagasu, described to us as "Japan's Mario Cuomo," who said, "We use networking to run the Kanagawa government."

Businesses and institutions in many other parts of the world also are taking great strides with the idea. For the past 10 years, we have worked on one project after another developing networks in large companies in North America, Europe, and Australia. At the same time, we've accumulated voluminous files of information about small companies' achieving success, particularly in Europe, by working together in "flexible business networks."

In the fall of 1991, we began work in earnest on this book. In December of that year, Jean-Pierre Pellegrin, a French official at the Organization for Economic Cooperation and Development (OE CD) in Paris, visited our offices at The Networking Institute in Boston. On leave from OECD at the time, he was doing research at the Kennedy School at Harvard. Jean-Pierre had a very strong message to deliver: pay attention to flexible business networks. More accurately, he pounded the table and demanded that we start writing immediately about this little-reported breaking business story. As a result of Jean-Pierre's urging, we have connected with scores of business people and policy makers actively engaged in networks in both Europe and the United States.

At a time when business looks bleak, jobs are dwindling, and even the world's powerhouse economies are in recession, successful business ideas are very good and very welcome news. Flexible business networks of companies of all sizes are doing very well. Successful businesses create jobs. Jobs provide income to meet

people's needs. Full stomachs enable full minds. Creativity flourishes. Cutthroat competition gives way to compassionate cooperation.

On Thanksgiving Day, 1989, an editorial entitled "Networking Concept" ran in *The Daily Yomiuri,* Japan's largest newspaper with a circulation of 10 million. Its message is pertinent to business.

> Today, we have almost endless problems.... It is sometimes difficult if not impossible to properly tackle problems within the framework of existing isolated organizations. Networking emphasizes horizontal human relations among those who share common values, beyond ideological differences and geographical locations.... This new concept was introduced seven years ago in a book titled *Networking,* co-authored by an American couple, Jessica Lipnack and Jeffrey Stamps. Networking aims at rejuvenating the spirit of mutual help among people unknown to each other and linking diverse groups together.

A quarter of a century after our Oxford vision, we see a world that works rising above the horizon.