

Feb 2015 Newsletter

[Campaign Preview](#)[HTML Source](#)[Plain-Text Email](#)[Details](#)[View this email in your browser](#)

Have we learned anything about bubbles in 15 years?

[Blog](#) | [Contact](#) | [About](#) | [Speaking](#) | [Videos](#) | [Books](#) | [Consulting](#) | [Events](#)

RITA GUNTHER | **MCGRATH**

Author. Speaker. Consultant.

Dear Colleagues,

In January of 2000, in the heady days of the dot.com bubble, when all you needed to get funded was a line about your “business model”, Internet upstart AOL used its highly inflated stock price to take over storied Time Warner. The whole thing quickly unraveled. In a few different articles, I reflect on what we might learn from that experience, but more importantly what should we be paying attention to with respect to today’s high-flying startups.



Capital Market Myopia Lives On

Back in 1985, two professors at Harvard published a great study on the Winchester Disk Drive industry. In it, they identified a phenomenon they came to call “**capital market myopia**” which is the failure of individual players in a market to recognize the collective consequences of individually sensible investment decisions. Dozens of companies went after the highly attractive disk manufacturing business, only to find that most of them flamed out in a subsequent shakeout. In this [article](#) in HBR, I draw some parallels between the frothy period just before the dot com crash and today’s

Some parallels between the heady period just before the dot-com crash and today's hot Internet startup environment. A \$41 billion valuation for Uber? Makes you think...

The transient advantage phenomenon was also a factor in the spectacular failure of the AOL Time-Warner merger. What no one really appreciated at the time was that AOL's grasp on the Internet was about to be swept away as their dial-up model was replaced by broadband. Indeed, at the time of the merger, only 3% of households who accessed the Internet did so by broadband. That changed very quickly, leaving AOL at a disadvantage. Not the outcome the two parties wanted at all. Read my analysis in *Fortune* of what assumptions should have been tested before going forward with the merger.



Latest Articles

Lessons for entrepreneurs from the world's worst merger (Inc. Magazine)

AOL also has some interesting lessons to teach entrepreneurs about the questions you should be asking before sinking money into the Next Big Thing.

A new set of entrepreneurial goggles (Inc. Magazine)

Brian Evans, a very young and very successful serial marketing entrepreneur, shared one of his discoveries as seen through his entrepreneurial goggles. Customer reviews gives you a view into the mind of your customer and can be a valuable source of opportunity.

The failure of Google Glass may lead to good things for Google

Pundits are printing eulogies for Google Glass, the much hyped wearable technology that promised to merge the worlds of tech and fashion. But, if past experience with corporate innovations is any guide, this may just be chapter one in what could eventually become a major success story.

Events

The World Economic Forum - The New Global Context

The World Economic Forum Annual Meeting in Davos was, as always, amazing. They kept me pretty busy! I moderated a dinner meeting of Global Growth Companies, where the discussion turned to how to keep competitive advantages fresh. I was part of a very impressive working session on global risk that featured a Baroness and a Lord as

discussion leaders (not to mention the odd professor or two). I participated in a conversation about innovation in Europe which concluded that it is very hard to scale a science-based business in Europe as there isn't much of an entrepreneurial ecosystem there. One of my favorite sessions featured five CEO's of major organizations discussing business models. And on the glamorous side, I attended a panel that featured not only the CEO of Qualcomm but rock star Peter Gabriel and Wikipedia founder Jimmy Wales discussing intellectual property protections.

Rita moderated the session: CEO Series: Business Model Innovation

(L-R) Rita McGrath; John B.

Veihmeyer, Global Chairman, KPMG International, International Business Council; **Chen Feng**, Chairman of the Board, HNA Group, People's Republic of China; **Frits D. van Paasschen**,

President and Chief Executive Officer, Starwood Hotels & Resorts Worldwide; **Donald J. Gogel**, Chairman and Chief Executive Officer, Clayton, Dubilier & Rice LLC



Rita's HubCulture [Video Interview](#) in Davos

In the News

[Article in Forbes](#) reviews the disruption concept and what it means for strategy

A [Wired column](#) on why sustainable competitive advantage no longer resonates



The Executive Committee [blog post](#) contrasting traditional strategic tools and thinking with those needed for transient advantage

[CapGemini interview](#) on digital disruptions

A [comparison](#) of my growth outliers study with Jim Collins' Built to Last Companies

[Article](#) on the importance of re-imagining classic HR practices for the transient advantage economy

End of Competitive Advantage makes a "[best books](#)" for 2015 list

AT Kearney includes End of Advantage in [some inspiration](#) for

AT Kearney

The Key to Fixing

their Future Proof Strategy work

More links to recent press mentions can be found on the [Press section](#) of my website.



Password for the “Tools” Section of My Website



To access the tools part of the web site (downloadable diagnostics, quizzes, spreadsheets and other cool stuff) go to the RitaMcGrath.com website and use the password - **mcgr8th!** (*the exclamation point is part of the password*).

The New Global Context continued

I was struck in Davos that amongst the expected posturing and power-networking, there were also many remarkable young people with creative ideas that really can change the world. I met social entrepreneurs bringing medical treatments to out of the way places, using new technologies to power villages, creating safe programs for girls and women to become educated and independent, and leaders trying to broker peace in war-torn places. It was inspiring. And on to the year to come!

Rita





Copyright © 2019 Rita Gunther McGrath, All rights reserved.
You are receiving this email because you opted in on ritamcgrath.com.

Our mailing address is:

Rita Gunther McGrath
2880 Broadway
Armstrong Hall, 4th Floor
New York, NY 10025

[Add us to your address book](#)

[unsubscribe from this list](#) [update subscription preferences](#)