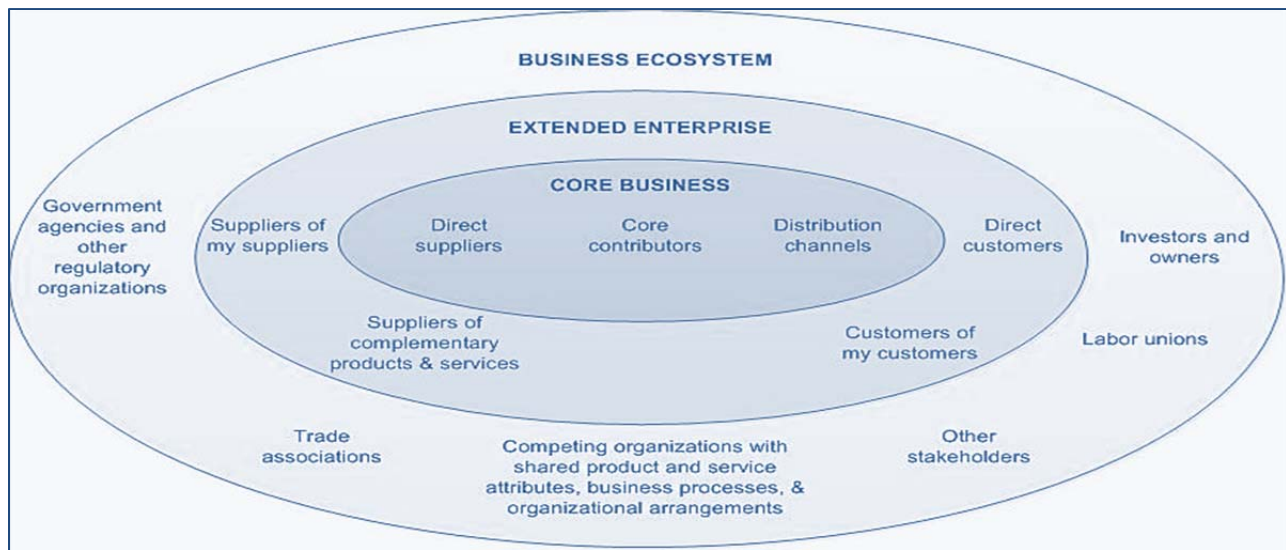


Mapping Business Ecosystems

About Ecosystems

Traditionally, people have seen companies as rivals who battle each other for dominance and profit. Today's organizations operate in a more complex world. They compete and cooperate in innovative and unexpected ways and they need each other in order to survive. This is the new world of business ecosystems.

A *business ecosystem* is a dynamic structure of interconnected organizations that depend on each other for mutual survival.



James F. Moore, who coined the term, explains that business ecosystems include those typically considered to be part of a corporation: those inside the organization's walls plus distribution channels and direct suppliers. They also include the extended enterprise: direct customers, standards bodies, suppliers of complementary products, and so on. Finally, they include those who can have a significant effect on the core business but who are often considered afterthoughts or pesky outsiders: trade associations, regulatory bodies, unions, investors, and so on.

Ecosystems have intense implications for how companies plan for the future, and they ignore those implications at their own risk. Learning about business ecosystems—and the tools and methodologies needed to succeed within these complex entities—can help organizations improve effectiveness, manage risk, and break through to new innovations.

Mapping Ecosystems

Our preferred method of mapping business ecosystems is based on Verna Allee’s Value Network Analysis (VNA) methodology. In VNA, there are entities and transactions.

Entities are individuals, teams, groups, or companies. Examples of entities are:

- ▶ **Individuals**, such as Funder, Sponsor, Lawyer
- ▶ **Groups**, such as the Marketing Team, Engineering Department, corporate lawyers, project managers and all involved in procurement (in and out of the procurement department)
- ▶ **Providers**, such as vendors, contractors, and suppliers
- ▶ **Customers**, such as end users, clients, and resellers
- ▶ **Organizations**, such as industry analysts, media outlets, and the IRS

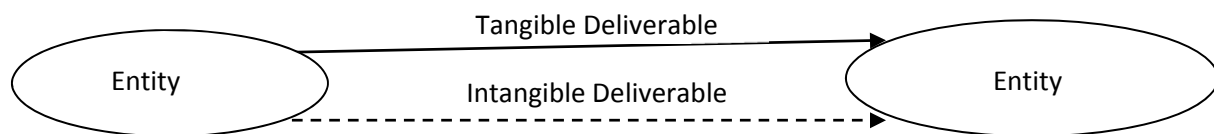
Transactions are exchanges between entities in an ecosystem. Examples of transactions include:

- ▶ Payment
- ▶ Document
- ▶ Equipment
- ▶ Contract
- ▶ Schedule
- ▶ Workbook
- ▶ Advice
- ▶ Security
- ▶ Feedback
- ▶ Approval
- ▶ Criticism
- ▶ Assurance

Transactions can be *tangible*. These transactions are mandated by the system. They’re necessary for successful product or service delivery.

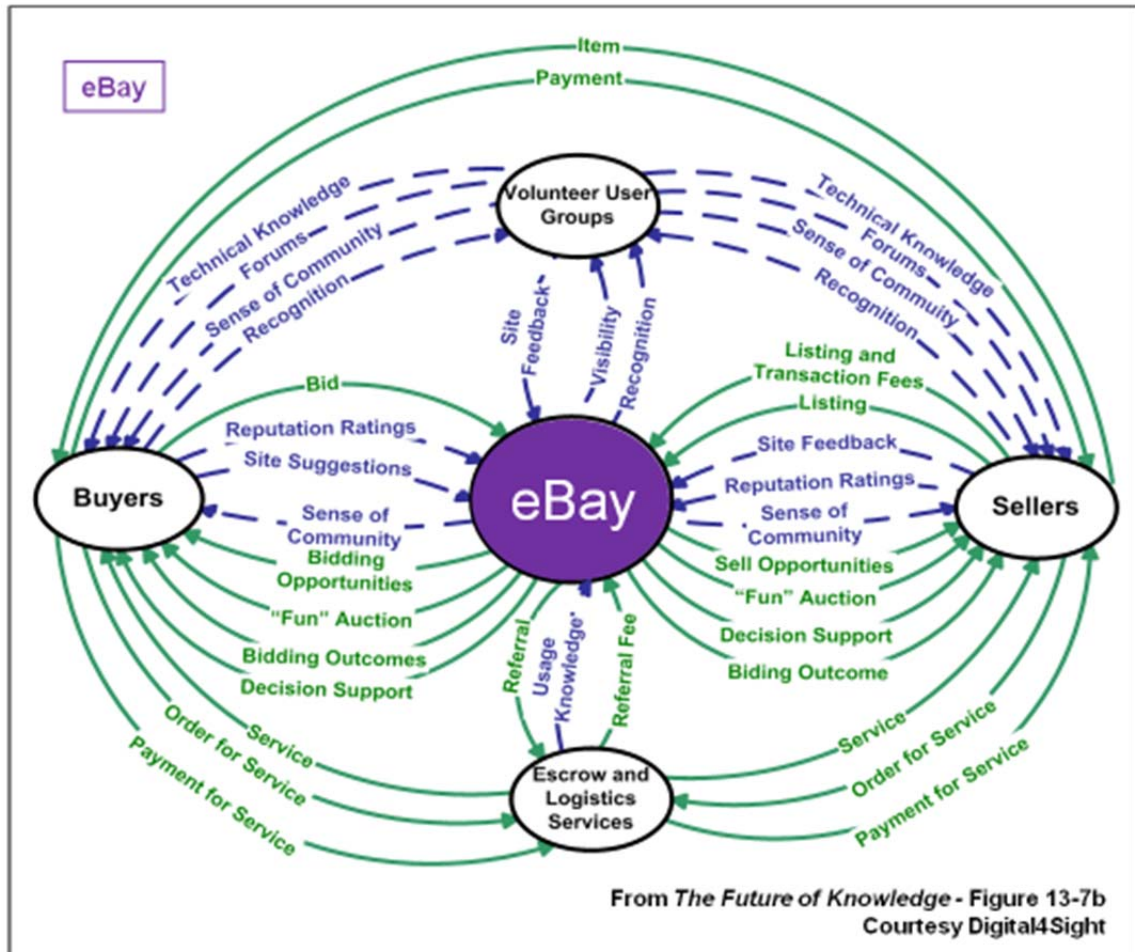
The “extras,” activities that are not mandated by the system and provided in order to share knowledge, accelerate progress, or smooth delivery, are called *intangible*.

Entities are represented by circles on a business ecosystem map. Transactions are represented solid lines for tangible deliverables and by dotted lines for intangible deliverables. Arrows show the direction of the transaction. Each arrow is labeled with the specific deliverable passed from one entity to the other.



Ebay's Ecosystem Map

Here's an example of an ecosystem map. This image shows a simplified version eBay's ecosystem.



From Allee, *The Future of Knowledge*

Mapping Your Business Ecosystem

Mapping your business ecosystem will take about 30 minutes if you do it alone. Maps are usually more complete and useful when developed by a group of individuals with different views into how the ecosystem operates. If you go this route, allow at least an hour.

1. Identify roles.

List at least 15 roles played in your organization's ecosystem. Don't worry about specifics. Instead, focus on *types*. For example, roles in Boston's dining industry include suppliers, distributors, restaurants, government regulators, customers, and so on.

2. Get specific.

Write down some specific examples of each role to jog your thinking when you return to the map in the future. For example, you might list Clio and Upstairs on the Square as upscale restaurants, Russo's as a distributor, and Waltham Farms as a local farmer.

3. Begin your ecosystem map by drawing roles.

Start by drawing one circle for each role (NOT for each specific entity) on your map. Make sure there's enough room between them. You may wish to space those that you believe have more interactions closer together.

4. Tell the story.

Tell the story of how roles interact in the ecosystem. Start with the customer. Who does the customer go to for service? What do they request? Then what happens? How are the requests fulfilled? Who's involved? As you tell the story, draw arrows between entities to show the flow of transactions through the ecosystem. Since you're starting with the customer, the first line should travel from the customer to another entity. Remember to label lines with their deliverable.

5. Analyze your ecosystem.

Look at your ecosystem map and analyze what you see. If you get stuck, try these questions:

- How much reciprocity is there between roles? Are some roles giving much more than receiving? Are others receiving more than they're giving?
- Do specific roles provide resources, work, and/or sustenance for others in the ecosystem? How dependent is your company on these roles? How stable are the companies that fill these roles?
- What part does your company play in the ecosystem? Does it provide a low-cost, commodity service that can easily be replaced by someone else? Does it fight for limited resources with many other companies? Does it set the pace for other entities?

6. Use your ecosystem map.

Here are a few ways your ecosystem map can be helpful:

- Orienting new employees to your company / department.
- Demonstrating the value of a potential partnership to others in your company or ecosystem.
- Giving you a quick view of the environment you need to monitor for disruptive changes and opportunities.



Learn More

This tool provides only a brief overview of business ecosystems. To learn more, try these resources:

Adler, R. W. & Hiromoto, T. (2012). "Amoeba Management: Lessons From Japan's Kyocera." *MIT Sloan Management Review*. Available at <http://bit.ly/PXyblK20>

Allee, V. (2003). *The Future of Knowledge: Increasing Prosperity through Value Networks*. Available at <http://amzn.to/UJ5oIB>.

Allee, V. & Schwabe, O. (2011). *Value Networks and Collaboration*.
[\[http://www.valuenetworksandcollaboration.com\]](http://www.valuenetworksandcollaboration.com).

Hurst, D. L. (2012). "Why Walmart Is Like a Forest." *Strategy + business*. Available at <http://bit.ly/T5JeIU>.

Iansiti, M. & Levien, R. (2004). *The Keystone Advantage*. Available at <http://amzn.to/TahUi3>.

Iansiti, M. & Levien, R. (2004). "Strategy as Ecology," *Harvard Business Review*. Available at <http://bit.ly/Pf5RiL>.

Moore, J. F. (1993). "Predators and Prey: A New Ecology of Competition." *Harvard Business Review*. Available at <http://hvrld.me/QPp06g>.

Moore, J. F. (1997). *The Death of Competition: Leadership and Strategy in the Age of Business Ecosystems*. Available at <http://amzn.to/Uo1t32>.

Townsend, M. (2009). "Planning Your Business Strategy in the Corporate Ecosystem." CIO.com. Available at <http://bit.ly/DqzDf>.

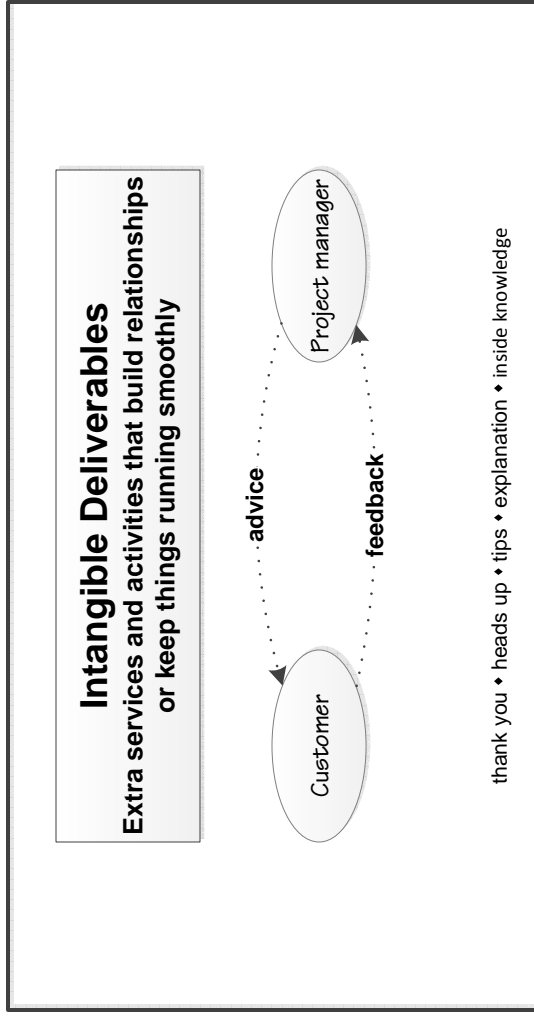
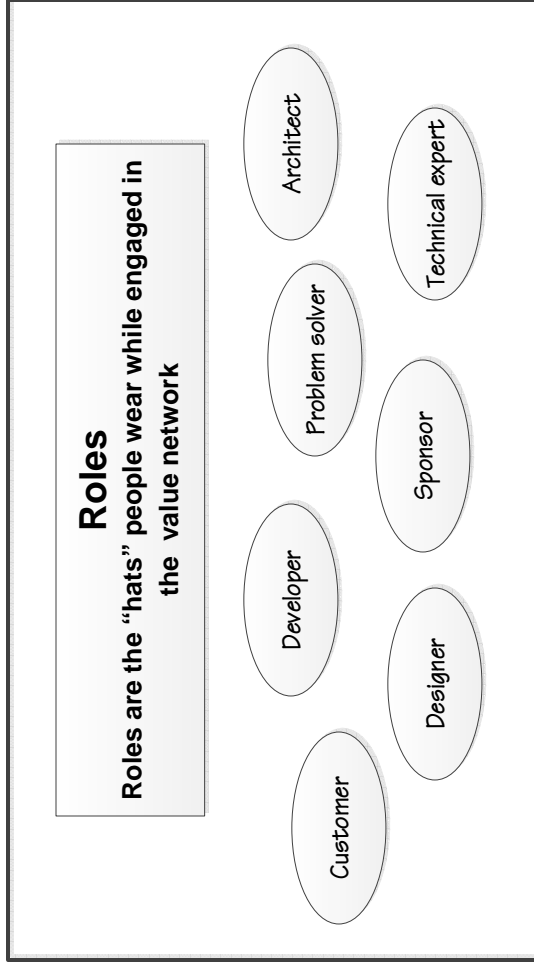
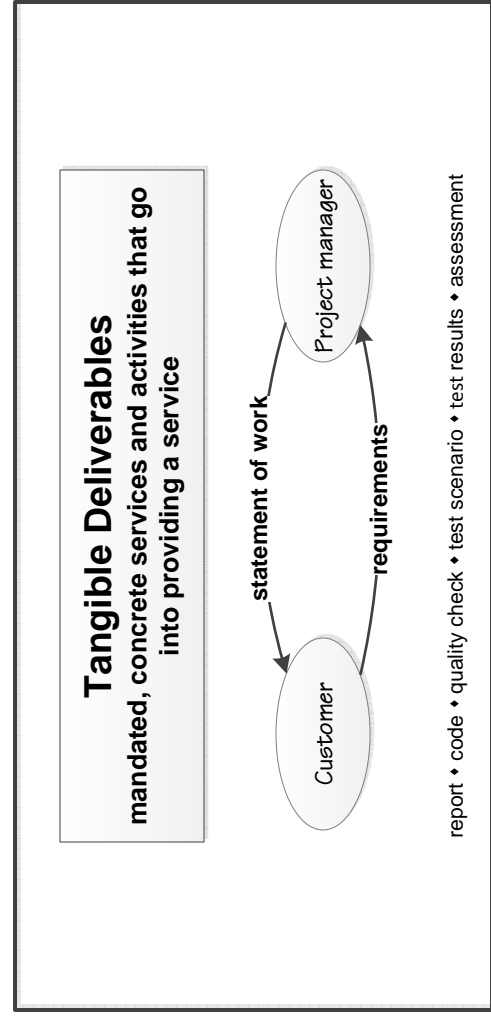
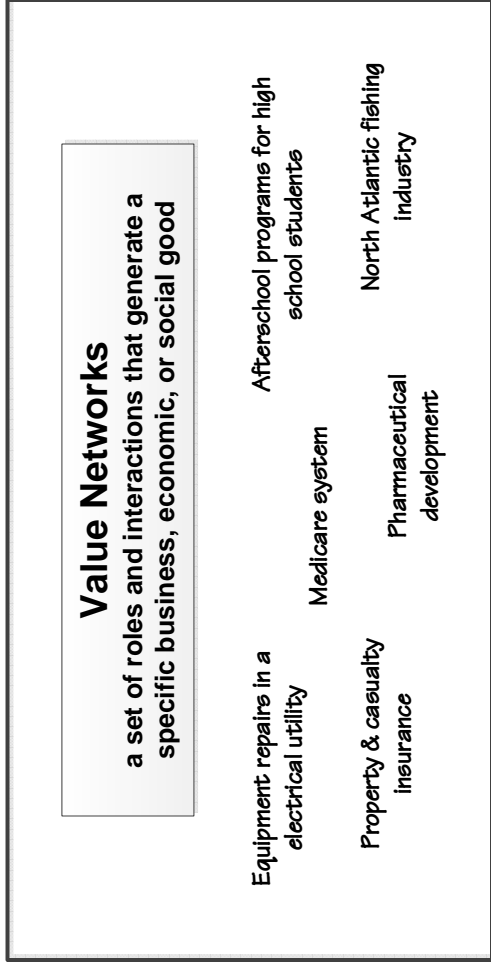
Take the Next Step

[Contact us](#) to learn more about how we can help your company work more effectively within its business ecosystem.



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Value Mapping Definitions



- It's not a deliverable if...**
- It can't be delivered from one to another
 - It isn't a noun
 - No one can be held accountable for it
 - You can't tell when it's been received