

# Thrive with Regenerative Managing

## Vitalize Your Enterprise to Thrive Forever

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An enterprise either regenerates or succumbs to inevitable irrelevance.

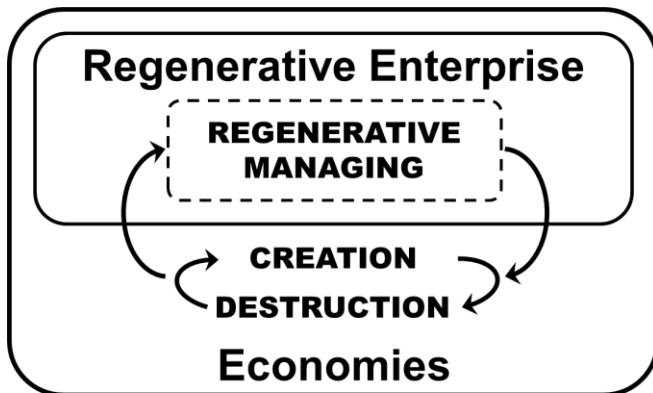
This realization led to the discovery of *regenerative managing* – a way of managing producing *regenerative enterprises* capable of thriving indefinitely.

Imagine an enterprise thriving with its people flourishing.

Imagine them energized by an inspiring meaningful purpose. Picture them engaged in achieving excellent operation, expansive exploration, continual innovation, and incessant transformation of the enterprise. Conceive of managing principles and distinctive identity guiding the value creation and evolution of this enterprise. Visualize it embracing individual customers as it perpetuates ever-greater value creation in what it offers them. Envisage its new offerings and businesses organically replacing the ones they eclipse. And its enacting of ecosystems in pursuit of new opportunities. Lastly, picture all of this being done perpetually to regenerate the enterprise.

Imagine an enterprise thriving forever with virtuous creative destruction at its core sustaining its vitality through flourishing people.

If this vision of the regenerative enterprise piques your interest, read on. The regenerative way of managing presented herein harmonizes with the dynamic disequilibrium of healthy economies. It engages people in meaningful work. It creates self-regenerating enterprises capable of thriving indefinitely. It also serves to make sense of the ongoing reinvention of managing with its new practices at play in innovative organizations today.



But hang on for the ride. Regenerative managing reconceives managing from the ground up. It cannot be explained with existing managing paradigms, frameworks, and grammar. Its explanation requires a whole new understanding of the intent of managing and a shift in mindset of what managing can, and we feel should, be. Explaining regenerative managing requires its own grammar, taxonomy, and conceptual frameworks knitting it together. But rest assured you will come out the other end with clues as to its practical

application. This includes insights gained from illustrative examples illuminating its principles already at work in companies at the forefront of reinventing managing.

My search to discover a better way of managing, a total rethinking of it, began in 2003. My experience in the corporate world inspired this endeavor. The ensuing journey became much longer, more intense, and a greater challenge than I ever imagined it would be. Fortunately, my good friend [Joe Pine](#) engaged with me in this pursuit early on. Joe helped me keep my sanity as we discovered, developed, and refined regenerative managing.

## Managing's Renaissance

We are experiencing an inflection point in managing as mainstream managing demonstrably fails and an explosion of new methods and practices arise to take its place.

Until now this revolution has lacked a comprehensive framework making sense of managing overall. At the same time, rampant technological advances, dematerialization, and digitization, modularization, endless new discoveries, pervasive innovation, shifting societal demands on businesses, and truly seeking to engage people in disruptive innovation demands a whole new way of managing. No business or its offerings to customers can remain static even for a moment in today's business environment.

Addressing this sea-change in the world of business enterprises requires a total rethinking of managing from the ground up. The regenerative managing framework we (Kim and Joe) created over 10 years ago and have subsequently developed does just that. As mentioned above, it provides not only a comprehensive framework to guide rebuilding the managing of your enterprise, it also provides a lens through which to view and make sense of the revolution in managing going on at this moment all around you.

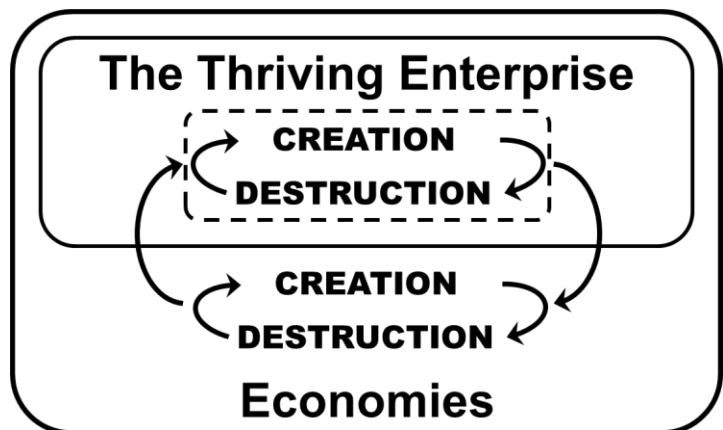
See managing again, as if for the first time, through this truly revolutionary framework built on first principles of humanity and economic value creation to vitalize enterprises in healthy evolutionary creative destruction. We designed regenerative managing, from the ground up to engage flourishing contributors to create an enterprise capable of thriving, not just in the present, but forever.

We challenge you to look at the world around you through the lens of regenerative first principles. See today's thriving companies exemplifying regenerative first principles at work. Employing this lens, you can also see the first principles they neglect to exercise. With your new understanding of just what a regenerative enterprise entails you will gain deep insights into how companies today are gaining and have a chance of sustaining their vitality as they thrive in dominating existing and create new markets never imagined before. You will see how a regenerative enterprise can persist in sustaining its vitality despite the world of rampant creative destruction it lives in.

With a loss of faith in mainstream managing, a recognition that heroic leadership does not endure, a lack of engagement in nearly seventy percent of employees, and enterprises failing to thrive in highly competitive robust economies, new practices are emerging and proliferating like never before.

## The Premise

Early on in our research, we recognized the fundamental need of enterprises to regenerate to thrive. This realization came from the works of iconic economist Joseph Schumpeter. He identified Creative Destruction as continually regenerating economies, sustaining their vitality in the process. Schumpeter tells us Creative Destruction incessantly revolutionizes "the economic structure *from within*, incessantly destroying the old one, incessantly creating a new one."<sup>1</sup>

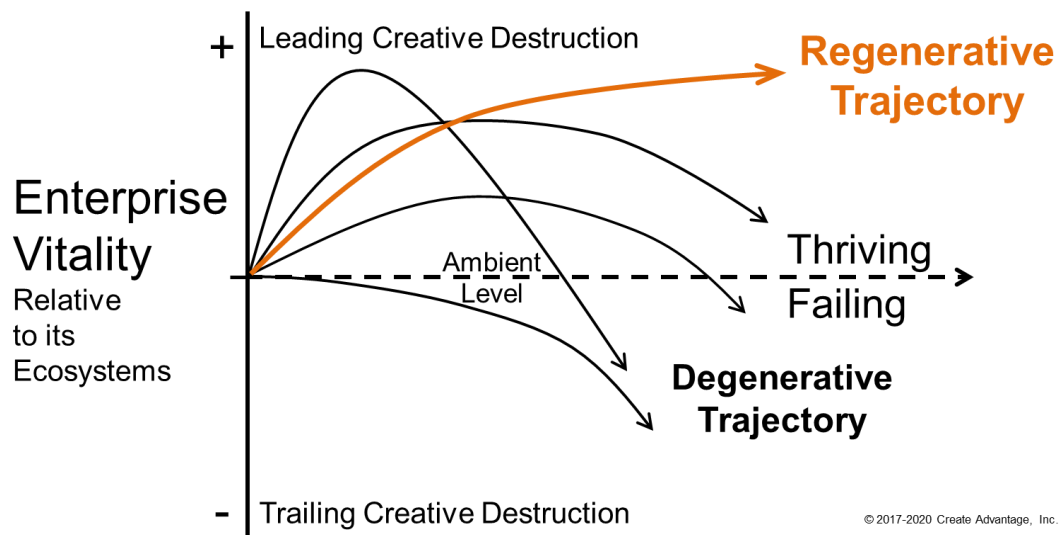


Just as creative destruction regenerates economies, an enterprise, being a subset of an economy, must also regenerate if it intends to sustain its vitality. This requires it to creatively destroy itself, *from within* to become self-vitalizing. Only then can it thrive indefinitely.

This insight defined the essence of the way of managing we were searching for – one producing self-vitalizing regenerative enterprises. Only a regenerative enterprise will be capable of sustaining its vitality indefinitely. Knowing its regenerative essence, we set out to discover the characteristics of this newly conceived way of managing – one built from the ground up with an *intent to vitalize*.

Beginning our investigation, we soon realized nearly every common practice of managing today works against enterprise regeneration. Thus, these common practices work against enterprise vitalization. Conventional managing, with its origins in the railroads and steel mills in the 1800s, instead harbors an *intent to optimize*. Often invisible and thus overlooked, this optimization intent lives on in most of managing yet today. This self-limiting intent survives despite managing’s ever-quickening evolution, experimentation, innovations, variations, and counter-measure adoptions. Unfortunately, optimization, though it makes enterprises more efficient, it also puts them on a *degenerative trajectory*. Enterprise-wide optimization inevitably leads to mediocrity and eventual failure.

## Optimization vs. Vitalization



Much of mainstream managing involves working to counter its degenerative tendencies, but few if any companies win this battle in the long-term. On the other hand, regenerative managing, first and foremost, vitalizes. It restricts optimization to circumstances where it fits with enterprises vitalization and no more. Practicing a pervasive intent to vitalize results in a *regenerative trajectory* putting an enterprise on a path to thrive forever. Certainly, the leadership of an enterprise could choose a less lofty objective than thriving forever, but that should be their conscious choice, not an inherent limitation of their way of managing.

### Managing

Our search for regenerative managing led me to assemble a massive body of knowledge. This included knowledge about management, leadership, governance, as well as culture, organizing, organizations, human nature, value creation, and economic evolution.

#### Source of Managing Knowledge

We soon learned to avoid the all too common anecdotes, broad generalizations, spurious correlations, practitioner intuition, or enticing stories of successful enterprises or executives. We, disappointingly, and

shockingly, came to realize most popular conceptions, theories, and understanding of managing build on a host of colorful stories, spurious intuition, and pseudo-science. To further confuse matters further, the siren call of the latest fads promising managing salvation ebb and flow like ocean tides. All in all, we found common and conventional managing knowledge consists of an enormous pile of waffle. To avoid the common pitfalls and copious distractions in making sense of managing, we instead pursued understanding from a first principle based and objective perspective. An approach untainted by biases, preconceptions, and misconceptions, i.e. the enormous pile of waffle.

### Scope of Managing

Next, we came to realize the scope of “managing,” as conventionally thought of, makes it ineffective. “Management” gets sandwiched somewhere in with leadership and governance and culture and whatever else forms and operates an enterprise. Thus we found there is no term describing what we mean by “managing.” So to be explicit, in this context, we define “managing” to encompass all activities creating, shaping, forming, structuring, guiding, operating, maintaining, moving, evolving, transforming, and re-creating an enterprise. Anything less and we could not hold it accountable for the results of the form, performance, continuity, and longevity of the enterprise. So, at least in our parlance, the factors of managing include not only leadership, management, and governance activities, but also those associated with culture and any other internal factors producing the enterprise.

### Object of Managing

Lastly, we grounded our inquiry with an elemental concept of the enterprise – the object of managing. It’s a human entity creating economic value for its customers who pay for what it offers. It produces profits, the lifeblood of any value-creating enterprise (including so called non-profit enterprises). It’s inevitably unique, as well as the ecosystem it enacts and inhabits. The inherent and inevitable uniqueness of every enterprise often gets overlooked by managing.

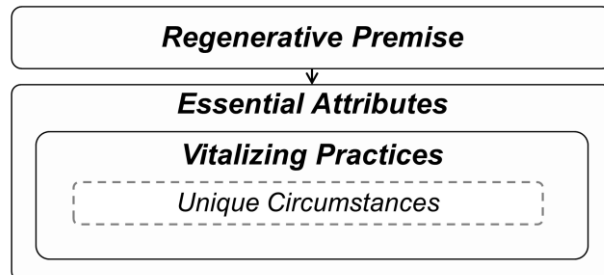
Having our premise of regenerative managing well in hand, we set forth to further discover, define, understand, and organize its nature, characteristics, elements, and application.

## The Regenerative Managing Framework

Out of our ever-developing body of knowledge of regenerative managing, the form of the answer to regenerative managing began to emerge from the premise we had established for it. In time, we determined the framework for making sense of it all consists of three key elements:

- **Regenerative Premise**, as explained above, establishing an *intent to vitalize* above all else.
- **Essential Attributes**, embodied in all regenerative enterprise practices, generating *regenerative vitalization*.
- **Vitalizing Practices**, adhering to the essential attributes while being tailored to and creating the unique circumstances of the enterprise, thereby engendering the perpetuation of the *distinctive value creation* that sustains enterprise vitality.

### Regenerative Managing Framework



Next, the breakthrough in organizing to make sense of the essential attributes of regenerative managing and the circumstances of the enterprise came through *interrogative inquiry*. This commonly employed method of formulating the questions to develop an understanding of a matter has been employed since ancient Greek philosophers identified it in the first century BC. Following this method, we sought answers

to *why, who, what, when, where, how, and in what way* an enterprise creates value to be self-vitalizing. We also employed the same technique to make sense of its circumstances.

## The Essential Attributes

So first, employing interrogative inquiry, we defined the essential attributes of regenerative managing. Performing the inquiry distinguished the seven aspects of enterprise value creation to be managed. With these aspects defined, we then deduced the requirements, identified the first principles, and derived the imperatives of regenerative managing. Collectively, these requirements, first principles, and imperatives define the essential attributes of regenerative managing. We begin with the first aspect revealed in answer to “why.”

**Why** – Why does it create value? For a *purpose*. Purpose requires the regenerative enterprise to *pursue purpose* to organize and guide the enterprise. Here we find *meaningful purpose* and *humanity enrichment* first principles undergirding enterprise value creation. Meaningful purpose, the ultimate *raison d'être* of the enterprise, provides inspiring guidance. Adhering to humanity enrichment engenders the creation of unequivocal value in pursuit of meaningful purpose. Effecting a purposeful pursuit makes it imperative to *infuse meaning* in order to inspire people, guide the enterprise, and enrich humanity. Meaning becomes key to organizing resources, focusing the energy, and guiding the evolution of the perpetually evolving regenerative enterprise.

**Who** – Who does it engage to create value? *Contributors* to the enterprise. Contributors describes those who create value for, with, and in an enterprise. They include employees, contractors, consultants, volunteers, suppliers, customers, or anyone else involved. This requires managing to *engage contributors* to flourish in creating value. Adhering to the *whole person* and *innate needs* first principles does this. People flourish when engaging their whole person to exercise their agency in their work, not just an economic subsection of themselves. Satisfying their innate needs for autonomy, competency, and relatedness brings about their intrinsic engagement, engaging their fullest possible potential. Fully engaging contributors makes it imperative to *unleash potential* to engage the fullest capability of each one. Managing recognizing these first principles engenders people’s flourishing in a common pursuit.

**What** – What value does it create? Value for, with, and in *customers* who purchase its offerings. This requires it *create customers* by adding value to their lives. It does this with offerings of commodities, goods, services, experiences, and/or transformations. Customer creation first principles come down to *requirement fulfillment* and *customer centricity*. Fulfilling customer requirements – their wants, needs, and desires – offer unlimited value-creation opportunities. Customer centricity places the customer, each individual customer, at the center of enterprise value creation. Creating customers makes it imperative to *embrace individual customers* to offer each one just what they want, need, and desire.

**Where** – Where does it create value? In the *possibility* lying before it. This requires the regenerative enterprise *grasp possibility* to discover value creation opportunities. This discovery process begins with understanding the uniqueness of an enterprise. Uniquenesses undergird an enterprise’s capability to create distinctive value in the present and delineate its possibility to do so going forward. Here we found the *limitless opportunity* and *indigenous creativity* first principles. In its path ahead, infinite possibility lies before an enterprise to create distinctive value. Regarding indigenous creativity, all contributors inherently possess

discovery and innovation potential. Fully grasping possibility makes it imperative to *liberate creativity*, in each contributor, to discover endless opportunities.

**When** – When does it create value? When applying its *knowledge*. This requires an enterprise *exercise knowledge* to create value in the present and in the future. Here we find the *knowledge creation* and *knowledge orchestration* first principles. Regarding knowledge creation, we recognize value-creating knowledge emerges from three types of learning – exploration, exploitation, and operation. Knowledge orchestration then fosters, balances, and integrates these three types of learning to sustain enterprise vitality. Exercising knowledge to produce enterprise-regenerating learning makes it imperative to *orchestrate vitality* to sustain value creation in the ever-emerging opportunities of the enterprise.

**How** – How does it provide and capture value? With the *businesses* it carries out. Providing customer value at a profit – simultaneously providing and capturing value – requires enterprises *establish businesses*. Regarding fulfilling this requirement, we find the *ecosystem enactment* and *creative abandonment* first principles. Ecosystem enactment recognizes an enterprise’s responsibility to form, nurture, shape, disrupt, and evolve the ecosystems its businesses require to thrive. Creative abandonment recognizes new value creation necessarily displaces existing businesses, so enterprises must embrace a continual emergence of new businesses. Establishing businesses sustaining to enterprise vitality makes it imperative to *effect creative destruction* routinely, as a matter of course sustaining vitality. Eliminating fading capabilities, offerings, businesses, ecosystems, organization, and practices in favor of newly emerging ones provides customers the greatest value possible at any given time.

**In What Way** – *In What Way* does it realize its value creation? Employing *the whole* enterprise to create distinctive value. This requires its managing *harmonize the whole* through integrating all factors of value creation to vitalize the enterprise. Related to harmonizing the whole we find the *practices coherence* and *circumstances coherence* first principles.

Practices coherence recognizes the need for all practices to cohere both with one another and their shared regenerative attributes. Lack of coherence in all managing practices – including leadership, management, governance, cultural, or other related factors – confounds managing to achieve and sustain enterprise vitality.

Circumstances coherence recognizes practices both form, and conform to, an enterprise’s unique circumstances. They must be tailored to its particular situation, composition, and resources, both “as is” and “as aspired to be,” to originate and perpetuate distinctive value creation.

#### Regenerative Imperatives

- **Infuse meaning** inspiring people, guiding the enterprise, and enriching humanity.
- **Unleash potential** to engage the fullest capability of each contributor.
- **Embrace individual customers** to offer each one just what they want, need, and desire.
- **Liberate creativity** to engender instinctual innovation throughout the enterprise.
- **Orchestrate vitality** to create new and greater value in the ever-emerging opportunities of the enterprise.
- **Effect creative destruction** to establish new businesses and enact their ecosystems.
- **Achieve coherence** across all practices and with their circumstances to generate and regenerate enterprise vitality.

In harmonizing the enterprise, it becomes imperative to *achieve coherence* vitalizing the enterprise. This means both harmonizing its practices with one another throughout the enterprise and with their circumstances. This coherence of practices generates and regenerates enterprise vitality. While infusing meaning lays the foundation for the regenerative enterprise, achieving coherence knits it all together into a cohesive regenerative whole creating distinctive value.

The answers flushed out by this interrogative inquiry define the core of regenerative managing, its essential attributes embedded and reflected in all its practices. Adhering to these attributes, managing vitalizes enterprises to thrive forever.

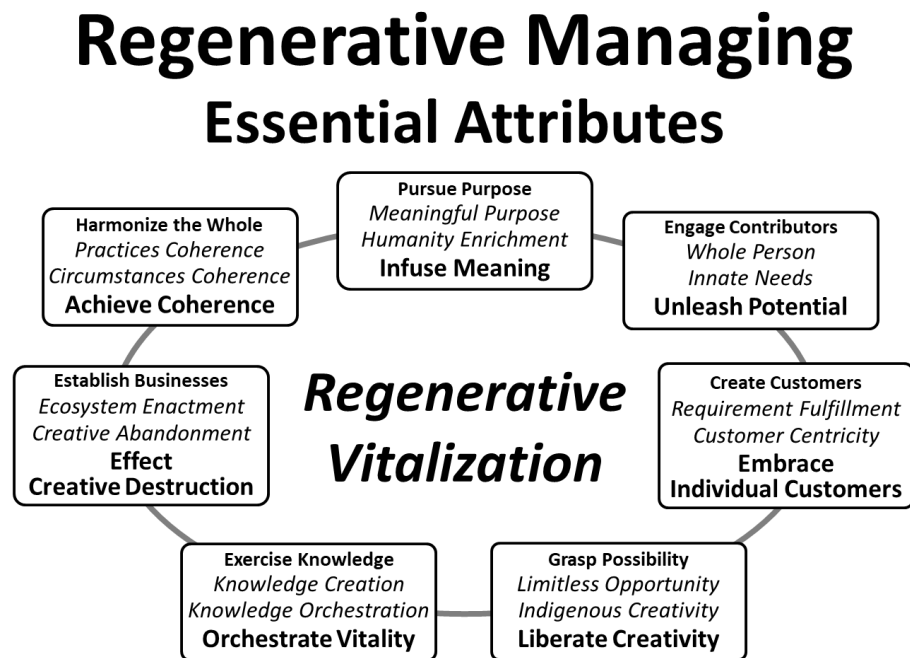
### The Virtuous Cycle of Vitalization

The essential attributes define how a regenerative enterprise fulfills its seven essential requirements – pursue purpose, engage contributors, create customers, grasp possibility, exercise knowledge, establish businesses, and harmonize the whole. Every practice of the regenerative enterprise adheres to the first principles in carrying out the imperatives.

Regenerative managing, as it carries out its imperatives, forms a *virtuous cycle of enterprise vitalization* as it...

- **Infuses meaning**, inspiring a purposeful pursuit.
- **Unleashes potential** of its contributors.
- **Embraces individual customers** to offer just what each one wants, needs, and desires.
- **Liberates creativity** to discover its endless opportunities.
- **Orchestrates vitality** to create new and greater value as its opportunities emerge.
- **Effects creative destruction** to establish its new businesses and ecosystems.
- **Achieves coherence** in managing, operating, and evolving itself.
- all of which realizes, validates, reinforces, refines, and enriches, and when need be, reconceives, the **meaning** of the enterprise.

Acting in a virtuous cycle, regenerative practices, acting in accord with the essential attributes, continually regenerate an enterprise. Creating and managing custom-crafted practices in carrying out these regenerative imperatives produces an enterprise incessantly creating distinctive value for its customers, its ecosystems, the global economy – and ultimately for humanity. And *that* is the bottom line of business.



## **Practicing Vitalization**

The seventh and final requirement, harmonize the whole, calls for knitting together all the practices and the circumstances of the enterprise to perpetually create distinctive value. Adhering to its practices coherence first principle unites the all practices of the enterprise. Adhering to its circumstances coherence first principle, tailors the practices to fit with the circumstances of the enterprise as they simultaneously create unique circumstances for creating value. Achieving coherence, it harmonizes the managing of the enterprise to create distinctive in a virtuous cycle of vitalization.

### Harmonize Practices

Practicing regenerative managing comes down to fulfilling its requirements by carrying out its imperatives while adhering to its first principles. Practicing in accord with these attributes guides the assessment, selection, development, and retention of every managing practice employed – whether management, leadership, governance, culture, and so forth. Managing the managing of the enterprise involves scrutinizing all practices, existing and proposed, for their coherence with the essential attributes of regenerative managing. Any practices not passing muster get rejected, revamped, or replaced.

A comprehensive assessment encompassing all seven aspects initiates an enterprise's adoption of regenerative managing. An assessment of the first essential practice, pursue purpose, might begin with answering the following questions:

What is the purpose of your enterprise? Is it meaningful? In what way is it meaningful? Does your enterprise enrich humanity in its pursuit? In what way? Does its pursuit form the primary organizing force and direction guiding the enterprise? If so, in what way? If not, what does organize and guide the enterprise? Does the enterprise's purpose inspire the people of the enterprise? All enterprise contributors? Customers? Does purpose guide decision-making? Strategic decisions? Tactical decisions? Day to day decisions? Decisions in customer selection, support, and interactions? Decisions as to who is "in" and who is "out?" Does what it pursue enrich humanity? If so, how?

After cycling through all seven essential practices, the resulting profile provides the lay of the land from which to plan and initiate your campaign to adopt regenerative managing. If your enterprise already has a well-defined meaningful purpose, but lacks customer centricity, you might initially work to link its customer creation more tightly to its purposeful pursuit. If you are currently customer centric but fail to see a bigger picture of opportunities ahead, you may begin by seeking to improve your grasp of the possibility lying before your enterprise.

Given the pervasive tendency of most enterprises to over-optimize and under-vitalize, always take a critical look at your vitality orchestration and effecting creative destruction practices. Assess whether they even exist, and if they do, assess their effectiveness.

If your enterprise lacks an inspiring and guiding meaningful purpose, no matter how else you proceed, address infusing meaning up front. In the end, a virtuous cycle of enterprise vitalization serves as an ongoing hypothesis test of the meaningful purpose guiding an enterprise.

### Harmonize Circumstances

Managing practices produce enterprises – engaging people, creating customers, building competencies, establishing and operating businesses, and enacting ecosystems – and in doing so create it circumstances. On the flip side, managing employs the circumstances of the enterprise – its people, businesses, customers, ecosystems, competencies, opportunities, and so forth – to create value in the present while generating and regenerating the enterprise going forward.



In the process of managing, enterprise circumstances continually evolve due to persistent innovation and creative destruction. And because of technological advance and changing circumstances, the practices of the enterprise evolve to make the most of the circumstances to which they apply. Managing this dynamic of ever-evolving practices and the circumstances to which they apply becomes key to sustaining enterprise vitalizing regeneration.

Keeping practices in sync with circumstances to sustain enterprise vitality never ends. This ongoing orchestration is not a project, but an essential persistent characteristic of regenerative managing. It requires a continual and clear understanding of enterprise circumstances as the *source* and *means* of enterprise value creation. *Identity* describes the sources, the wellsprings of distinctive value creation. It characterizes the uniquenesses of the enterprise's nature, qualities, beliefs, and attributes. *Domains* describes the means, a field of action where the enterprise creates value. It illustrates the resources, capabilities, and their configuration, highlighting their uniquenesses, involved in creating distinctive value. Both identity and domains reflect the current attributes and those the enterprise aspires to gain going forward.

Employing interrogative inquiry to define the *why, who, what, where, when, how, and in what way* of enterprise value creation defines the aspects of both identity and domains. This approach complements the essential regenerative practices with the circumstances they apply to in creating value.

### Guiding Identity

Forming the *guiding identity* of the enterprise entails identifying its seven aspects characterizing its nature. This includes both its nature "as is" and as it aspires to be. After all, it is a guiding identity – guiding the evolution, regeneration, innovation, and operation of the enterprise.

- Identity begins with and builds around the enterprise's *sense of purpose* answering *why* it's in business.
- *Essence of enterprise* characterizes the ways it produces value, governs itself, its legal structure, and its ethos, its sensibilities at play in every decision it makes and action it takes.
- *Nature of offerings* speaks to *what* it creates in terms of types of offerings and customer value.
- *Effects of heritage* expresses *where* the enterprise has come from and how its past shapes its possibility going forward.
- *Path of progression* designates *when* it creates value in pursuit of its aim and goals.
- *Body of values* describe the beliefs and behaviors underlying the thoughts, actions, and decisions governing *how* value gets created.
- Finally, the *way of managing* describes *in what way* its managing becomes distinct, yet in accord with the essential regenerative attributes, in producing a distinctive enterprise.<sup>2</sup>

### Value-Creation Domains

Representing the *value-creation domains* entails mapping out the means an enterprise employs to create value. And again, like identity, it comes down to seven aspects.

- All means lie within *humanity*, whose enrichment provides the ultimate means and ends of *why* it creates value.
- *Contributors* are the people *who* the enterprise engages to create value, whether as employees, contractors, volunteers, and even, sometimes, customers.
- *Customers* paying for the offerings of the enterprise to fulfill their needs identifies *what* value the enterprise creates.
- *Economies*, with their possibility and opportunity, describes *where* an enterprise creates value.
- *Ecosystems*, enacted by enterprises, create value *when* an enterprise applies its knowledge to create value.

- *Businesses* describe *how* an enterprise creates and captures value.
- Lastly, the *offerings* of an enterprise define *in what way* they provide customers value through their functionality and representation.

Identity and domains define and describe the essential factors of the circumstances from which an enterprise creates value. They hold the key to harmonizing all the aspects of the enterprise, guiding its evolution, and integrating its capabilities.

Again, achieving coherence in the practices and circumstances of the enterprise calls for tailoring practices to circumstances – from meaningful purpose to business models. But it also involves creating the circumstances and practices going forward from which the enterprise creates ever-greater value.

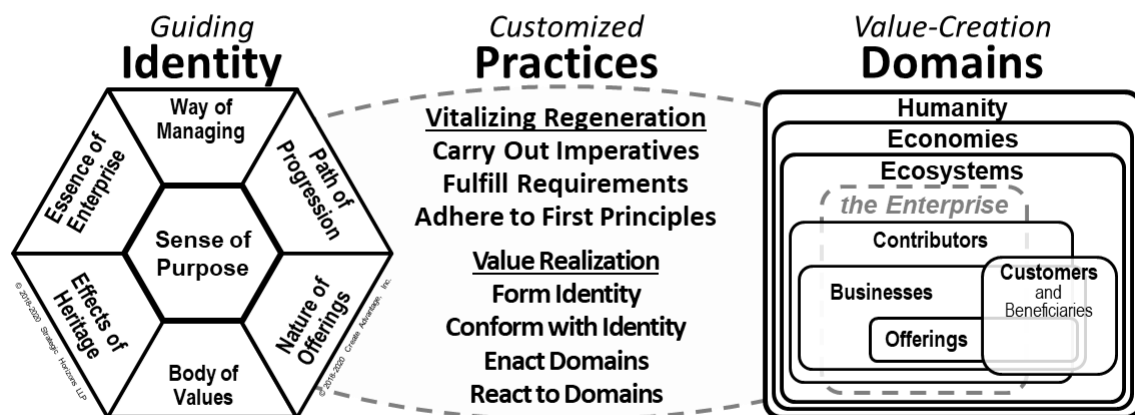
### Realizing Distinctive Value

Vitalizing practices knit together regenerative first principles and the circumstances of an enterprise. These practices continually operate, innovate, and creatively destroy an enterprise’s means of value creation. At the same time, they continually refine identity as the enterprise’s understanding of itself develops and evolves over time. And the practices themselves continually evolve as they are selected, developed, and tailored to fit the ever-changing circumstances of the enterprise.

Regenerative managing, in harmonizing the whole, organically regenerates and vitalizes an enterprise. Its practices discover, develop, sustain, and evolve the uniquenesses enabling an enterprise to perpetually create distinctive value for its customers. It focuses the energy and guides the evolution of an enterprise on a vitalizing path of progression.

Regenerative enterprise practices – whether strategic, tactical, day-to-day getting stuff done, operational, innovational, housekeeping, maintenance, or any other kind – collectively make up an ongoing cycle of identity formation and realization. In this virtuous cycle, they perform more than a hypothesis test of meaningful purpose. They perform an ongoing hypothesis test for all the essential factors underpinning distinctive value creation realized in the enterprise’s domains of value creation.

# Regenerative Managing Vitalizing Practices



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## *Distinctive Value Creation*

## Employing the Regenerative Lens

As mentioned earlier, regenerative managing can serve as a lens for understanding and interpreting any company's way of managing. With this lens you can see regenerative first principles at work in enterprises across the world. Though few if any enterprises fully embrace every first principle of regenerative managing, many embody one or more of them in their way of managing.

- **Mayo Clinic**, possibly the world's preeminent health care organization, founded in 1864, epitomizes many if not all regenerative managing's essential attributes. It infuses meaning, putting the individual treatment of patients first through its integrated clinical practice, education, and research. It unleashes potential in its contributors, intrinsically engaging them in a highly collaborative pursuit of purpose. It embraces individual patients in line with its mission. It liberates creativity through extensive exploration of medical techniques and internal collaborations. It orchestrates vitality with its learning rapidly integrated into its practice of medicine. It effects creative destruction, continually replacing old methods with new methods of diagnosis, treatment, and care. And lastly it achieves coherence with its ever-evolving practices and circumstances.
- **Ecolab's** CEO Douglas Baker Jr recently oversaw broadening the company's purpose to reenergize its contributors. He extended its mission "to make the world cleaner, safer and healthier – helping businesses succeed while protecting people and vital resources" with a vision to provide and protect "what is vital: clean water, safe food, and healthy environments."<sup>3</sup> This better reflects how he intends for Ecolab to make the world a better place. Baker notes how this refinement of purpose better inspires and guides Ecolab "As our teams widened their awareness of global issues, our pride has been enhanced." In pursuit of this humanity enriching meaningful purpose Ecolab has grown to \$58 billion in market value.

- **W. L. Gore & Associates**, maker of GORE-TEX®, was founded on what are essentially regenerative first principles, by Bill and Vieve Gore in 1958 after seeing the oppressive effects of command and control from inside the bureaucracy at DuPont. In doing so, they eschewed conventional managing to build a way of managing satisfying workers innate needs by presuming people to be self-motivated and self-directed.

Gore also illustrates vitality orchestration in how power flows to value. Leaders at Gore only become and remain leaders if associates choose to follow them. If team members see greater value-creation opportunities elsewhere in the company, they can migrate to a different team or even form a new team of their own. In that way, the contributors themselves choose when, where, and how to create new value and customer offerings, as well as effect creative destruction.

- **Amazon.com**, created with Jeff Bezos's distinctive way of managing currently thrives due to its practices reflective of regenerative first principles. It's dedication to customer requirement fulfillment, customer centricity, and embrace of individual customers is outstanding. Amazon obsesses over customers. It constantly seeks out new ways of creating value in the way it orchestrates its learning and knowledge gained from continual explorations, persistent exploitation, and operational feedback. With an intimate understanding of each individual customer it works tirelessly to eliminate any customer sacrifice in selecting, ordering, paying for, and reviewing their purchases.
- **Haier Corporation**, the multinational home appliance manufacturer based in Qingdao, China developed better and stronger value creation by obliterating conventional management roles. It's CEO, Zhang Ruimin un-formed the existing organization and its conventions of managing by eliminating 12,000 middle management jobs with the creation of thousands of micro enterprises with eight or so people. These micro enterprises are not just teams, but true enterprises, some of

which have gone public with the businesses they create. In the copious middle management vacuum arose “a network of entrepreneurial ventures run by employees, whose compensation is based on the success of their products in the market.”<sup>4</sup>

Ruimin, like regenerative managing’s first principles, recognizes empowerment plays no role in effective managing. He states that, “Nowadays, the management model in many enterprises is “empowerment,” but we are not empowering; we are returning all the power to the employees.” Haier calls its way of managing *Rendanheyi*, the epitome of customer-centric value creation, which refers to connecting employees with users. It intends to reduce the “distance between the organization and its end users to zero and moving as close as possible to a state of co-creation with the customer.”<sup>5</sup> throughout the enterprise by tightly linking jobs and compensation to customer value creation. Ruimin changed the culture of Haier overnight.

- **Alibaba**, founded in 1999 in Hangzhou, China by Jack Ma, grew to a market capitalization of \$352 billion by the end of 2018. Specializing in e-commerce, retail, Internet, and digital technology, it continually grasps the possibility before it by liberating its creativity to continually create ever-greater value with persistent innovation.
- **Microsoft**, with its current rejuvenation guided by Satya Nadella, has been remaking itself to become an innovative growth-oriented customer-centric enterprise. In asking the organization why Microsoft exists, Nadella heard its meaningful purpose loud and clear, “We exist to build products that empower others.”<sup>6</sup> He goes on, in true regenerative fashion, to say “That is the meaning we’re all looking to infuse into our work.”<sup>7</sup>

Nadella notes, “Having a deep sense of customers’ unmet and unarticulated needs must drive our innovation,”<sup>8</sup> consistent with the regenerative imperative to embrace individual customers and the limitless opportunity first principle. At the end of his 2014 ‘manifesto,’ he reinforces the connection between meaningful purpose and innovation of value creation saying, “We will reinvent productivity to empower every person and every organization on the planet to do more and achieve more.”<sup>9</sup>

He also states, “We can’t let any organizational boundaries get in the way of innovation for our customers.”<sup>10</sup> In addition, he sees companies as having an identity being “that collective purpose that a company represents.”<sup>11</sup> And this purpose empowers “every person and every organization on the planet to achieve more.”<sup>12</sup> Nadella clearly sees innovation as having no boundaries within Microsoft’s meaningful purpose, an essential ingredient for the growth-mindset culture he’s instilling in the company.

Nadella appears to be set on making Microsoft a regenerative enterprise: Infuse meaning. Check. Unleash potential. Check. Embrace the individual customer. Check. Liberate creativity. Check. Orchestrate vitality. Probably. Effect Creative Destruction. To some degree. Achieve Coherence. Maybe.

- **Fujifilm** orchestrated its way from the shift in photographic technology from chemical film to digital images where Kodak failed to do so and filed for bankruptcy in 2012. It did this by creating a full new product line for hospitals and healthcare providers based on their expertise in photographic film, a market that evaporated with the advent of digital photography.<sup>13</sup>
- **Apple**, over the past two decades, exemplifies getting their identity, and its realization, right. It developed a strong understanding of the distinctive value it intended to create. It also boldly effected creative destruction, internally and in its enacted ecosystems, as it created offerings well beyond what its competitors or customers ever imagined at the time.

Apple's complementary offerings of the iPhone, iTunes, iPod, curated app store, and browser capability were simply better offerings than what appeared to be unassailable competitors and intransigent industries at the time. The iPhone was not first by any means, but it creatively destroyed the Blackberry and Nokia offerings and business models as it captures nearly all the profits of the world-wide mobile phone industry flowed to Apple. With iTunes, Apple re-created the music industry. The focus and direction of Apple, guided by its identity, created a moat, or more like a wake, of innovation competitors failed to overcome for over a decade.

- **Spotify** explicitly tailors its managing practices to circumstances. It sees the customization and evolution of practices as key to creating ever-greater value. "The so-called 'Spotify Model' is the result (or product) of a learning journey led by Spotify employees and partners in order to create a useful process to help them (not you) to achieve their own business needs (not yours). And yes, they are still learning and changing this continuously — actually, by the time you are reading this, they may have changed or completely replaced one of the practices that you're pushing people to copy at your organization."<sup>14</sup>
- **Elkay Manufacturing** lives the value of its motto "We are in business forever." This maker of sinks, fountains, and high-end plumbing founded in 1920 on Chicago's north side, continues to thrive today as it successfully competes with Kohler, Moen, and Delta Faucet. CEO Tim Jahnke evidences several regenerative first principles in saying, "We honestly try to do what's right for our brands, our people, our customers, and our suppliers." The motto, he adds, "truthfully represents who we are."<sup>15</sup>

Many other companies also exemplify many essential regenerative attributes and are worthy of study. A short list includes Accenture, 3M, The Morning Star Company, Semco, GM recently, to some extent, under Mary Barra, and Netflix.

## Take the Regenerative Managing Challenge

Take the regenerative managing challenge! Test your current way of managing against regenerative managing. The regenerative managing framework stands ready to guide re-inventing your way of managing. It serves as a framework for the innovation, re-thinking, and re-invention of managing. Look to employ its framework to assess, interpret, and understand your current, proposed, and possible new ways of managing.

Whether pursuing agile, lean, customer-centric methods, self-organization, or other means of managing – check your managing against regenerative managing's essential attributes to expose any hurdles or gaps to gaining the full benefits of your new approach. Or simply look to adopt regenerative managing from the outset and begin creating practices befitting your circumstances to create distinctive value.

Regenerative managing holds out the promise that people can flourish, enterprises can thrive, and society can be enriched in the face of persistent creative destruction. And always keep this in mind: if you are not managing to thrive forever, you are managing to fail eventually.

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Kim C. Korn and Joseph B. Pine II invented *regenerative managing* to enable enterprises to thrive forever. Regenerative enterprises harness creative destruction to revitalize themselves just as creative destruction sustains the vitality of their ecosystems.

The Regenerative Managing Framework:

# Regenerative Managing

Regenerative Premise

*Intent to Vitalize*

Essential Attributes

Harmonize the Whole  
 Practices Coherence  
 Circumstances Coherence  
**Achieve Coherence**

Pursue Purpose  
 Meaningful Purpose  
 Humanity Enrichment  
**Infuse Meaning**

Engage Contributors  
 Whole Person  
 Innate Needs  
**Unleash Potential**

Vitalizing Practices

Establish Businesses  
 Ecosystem  
 Enactment  
 Creative  
 Abandonment  
**Effect  
 Creative  
 Destruction**

Guiding  
**Identity**

conform

Customized  
**Practices**

form

enact

Value-Creation  
**Domains**

react

Create Customers  
 Requirement  
 Fulfillment  
 Customer  
 Centricity  
**Embrace  
 Individual  
 Customers**

*Distinctive Value Creation*

Exercise Knowledge  
 Knowledge Creation  
 Knowledge Orchestration  
**Orchestrate Vitality**

*Regenerative  
 Vitalization*

Grasp Possibility  
 Limitless Opportunity  
 Indigenous Creativity  
**Liberate Creativity**

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## Notes

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- <sup>1</sup> Joseph A. Schumpeter, *Capitalism, Socialism, & Democracy*, Third Edition (New York: Harper Perennial, 1950), p 83.
- <sup>2</sup> This identity framework derives from, modifies, broadens the application of, and extends the list of identity attributes as provided by Gilmore and Pine: James H. Gilmore and B. Joseph Pine II, *Authenticity: What Consumers Really Want* (Boston: Harvard Business School Press, 2007), pp 118-128.
- <sup>3</sup> <https://www.ecolab.com/about> retrieved on October 13, 2019 and Scott D. Anthony, Alasdair Trotter, Rob Bell and Evan I. Schwartz, *The Transformation 20*, a report published by Innosight downloaded from <https://www.innosight.com/insight/the-five-behaviors-of-transformational-organizations/> on October 10, 2019.
- <sup>4</sup> Zhang Ruimin (Haier), interviewed by Paul Michelman, "Leading to Become Obsolete," *MIT Sloan Management Review*, Fall 2017, June 19, 2017 interview, retrieved from <https://sloanreview.mit.edu/article/leading-to-become-obsolete/> on Mar 19, 2018.
- <sup>5</sup> Ruimin.
- <sup>6</sup> Satya Nadella, Greg Shaw, and Jill Tracy Nichols, *Hit Refresh: The Quest to Rediscover Microsoft's Soul and Imagine a Better Future for Everyone*, Kindle Edition (Harper Collins, 2017) , page 75 of 277.
- <sup>7</sup> Satya Nadella.
- <sup>8</sup> Jay Greene, "Microsoft Downgrades Windows' Role in Cloud-Focused Reorganization" *The Wall Street Journal*, March 29, 2018 retrieved from <https://www.wsj.com/articles/microsoft-diminishes-windows-role-in-cloud-focused-reorganization-1522335763> on April 8, 2018.
- <sup>9</sup> Satya Nadella, page 78 of 277.
- <sup>10</sup> Jay Greene.
- <sup>11</sup> McKinsey Podcast, "Microsoft's Next Act," *McKinsey Quarterly*, April 2018, retrieved from <https://www.mckinsey.com/industries/high-tech/our-insights/microsofts-next-act> on April 17, 2018.
- <sup>12</sup> McKinsey Podcast.
- <sup>13</sup> Scott D. Anthony, Alasdair Trotter, Rob Bell and Evan I. Schwartz, *The Transformation 20*, a report published by Innosight downloaded from <https://www.innosight.com/insight/the-five-behaviors-of-transformational-organizations/> on October 10, 2019.
- <sup>14</sup> Alexandre Magno, "Don't copy the Spotify Model. Do copy the Spotify attitude." *Management 3.0*, Retrieved August 8, 2019 from <https://management30.com/blog/dont-copy-spotify-model/>
- <sup>15</sup> Bob Diddlebock, "How This \$1 Billion Family Business Has Beat Every Recession Since 1920," *Inc. Magazine*, October, 2019, retrieved from <https://www.inc.com/magazine/201910/bob-diddlebock/elkay-manufacturing-plumbing-family-business-forever.html> on October 13, 2019.