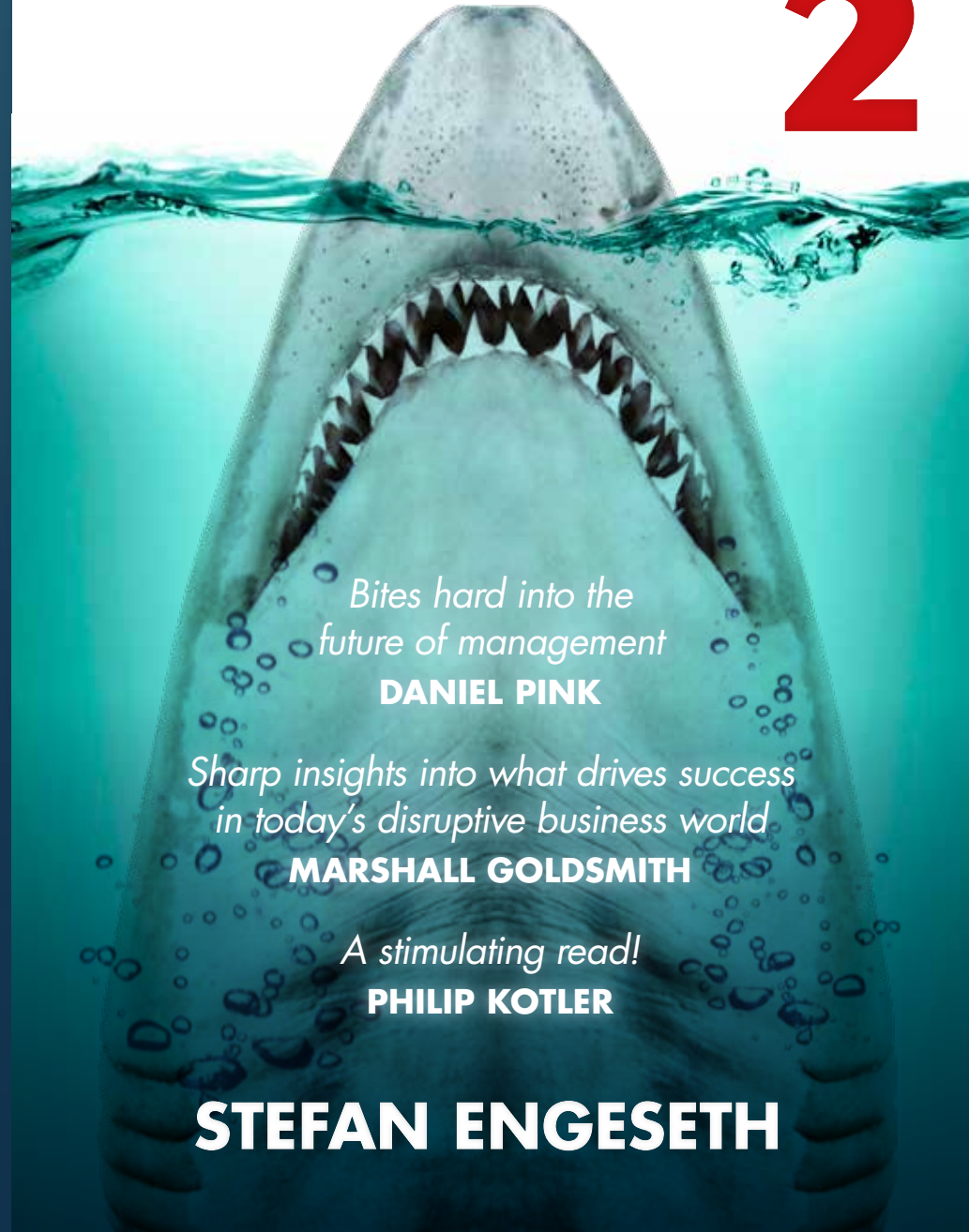


For Review Only

*How to attack and defend your business  
in today's disruptive digital waters*

# SHARKONOMICS 2



*Bites hard into the  
future of management*  
**DANIEL PINK**

*Sharp insights into what drives success  
in today's disruptive business world*  
**MARSHALL GOLDSMITH**

*A stimulating read!*  
**PHILIP KOTLER**

**STEFAN ENGESETH**

STEFAN ENGESETH

SHARKONOMICS 2

Marshall Cavendish  
Business

As **Sir Richard Branson** has said: "To survive, companies have to behave like sharks – if they don't keep moving, they will drown." With digitalization, business is now as competitive as Nature, where everyone is on the menu. There are no longer limitations in terms of countries, markets or segments. Digital sharks such as Amazon and Alibaba are moving across the globe towards anything they can feed on. This increases the need for management to update itself in both attacking and defensive moves.

Sharks are one of Nature's most revered and feared predators. But if you study their behaviour, you will learn that they are also highly strategic and efficient in the way they survive and thrive in Nature's competitive environment. Inspired by the shark's evolved (over 420 million years) instincts and strategic moves, this original and inspiring book provides businesses with 10 ways to attack market leaders and take market share. On top of that, it offers defence tactics against attack for those companies seeking to protect their market share.

**"[Stefan Engeseth] describes the attack strategems of a shark, but respects the intended victims enough to show how they can defend themselves. A stimulating read!"**

– PHILIP KOTLER

S.C. Johnson Distinguished Professor of International Marketing,  
Kellogg School of Management, Northwestern University

**"Stefan Engeseth draws creative parallels to the world of nature and sharks and provides a fresh look at business and defence tactics. *Sharkonomics* is not to be missed!"**

– MERCI OLSSON

Marketing and Communications Director,  
Nobelprize.org



Photo by Thomas Svensson

Stefan Engeseth is one of Europe's most creative business thinkers and a top-ranked speaker. This is his fourth book. He is also a consultant and CEO of Detective Marketing™.

£10.99 in UK only

BUSINESS/ENTREPRENEURSHIP

ISBN 978-981-4868-25-9



9 789814 868259

visit our website at:  
[www.marshallcavendish.com/genref](http://www.marshallcavendish.com/genref)

Marshall Cavendish  
Business

For Review Only

# **SHARKONOMICS**

# **2**

*How to attack and defend your business  
in today's disruptive digital waters*

**STEFAN ENGESETH**

## CONTENTS

<b>Foreword by Chris Fallows</b>	<b>15</b>
<b>Preface</b>	<b>17</b>
<b>Introduction</b>	<b>21</b>
<b>Part one: 10 points to attack market leaders</b>	
1. Start planning long before your attack	39
2. Don't get stuck in history	47
3. Spread panic	55
4. Do market research the shark way	61
5. Find blind spots to bite	69
6. Strike unpredictably	75
7. Timing is key to successful attacks	85
8. Move or die	91
9. Kill with style	99
10. Write a <i>Sharkonomics</i> "attack list"	105

# For Review Only

## **Part two: 10 points for market leaders to defend themselves from shark attacks**

Introduction: Defence	114
1. Develop your defence strategies years before you get attacked	119
2. Never stand still	125
3. Let others spread the buzz	131
4. Don't panic when under shark attack	137
5. Find out where your blind spots are	141
6. When entering a new market, don't send out press releases too early	147
7. Sharks will not attack you if there is an easier target around	151
8. Don't act like a victim	155
9. Attack is good defence	159
10. Develop better escape tactics than the hunter	163

# For Review Only

## **Part three: 5 points to optimize Sharkonomics**

Introduction: Read, swim and bite hard	170
1. Fat and happy vs. Digitalize or die	173
2. The value of business speed	177
3. Below the surface (what's in the water?)	183
4. <i>Sharkonomics</i> management tool	191
5. ???	195
<b>Mother Nature's endword</b>	<b>198</b>
<b>Acknowledgments</b>	<b>200</b>
<b>Notes</b>	<b>202</b>
<b>Recommended reading</b>	<b>205</b>
<b>About the author</b>	<b>206</b>

# INTRODUCTION

## **Ever heard of a business author swimming with sharks?**

In the name of research I challenged myself to jump into shark water – even if it was red and filled with terror. In the process of writing this book I took a scuba-diving certificate in order to go deeper with my research – sharks don't sit in boardrooms. To interview Mother Nature I had to “swim the talk”. It should be noted that my publisher neither demanded nor recommended that I swim with sharks, especially not with the Great White. They were sincerely worried, but it might also have had something to do with the advance payment I got in book royalties. We have a lot to learn from sharks which are such fantastic creatures. I only hope they don't have a particular appetite for business authors. My intention was to learn from these highly evolved animals which play an important role in our ecosystem. Since sharks learn by stalking, I was going to learn from divers and shark experts.

## **Why *Sharkonomics*?**

The Great White Shark became famous in 1975 with the release of the movie *Jaws*, but the movie's original story<sup>2</sup> goes back to 1916. Its scientific name is *Carcharodon carcharia*, but the Great White Shark was originally first named *Squalus carcharias* by the Swedish naturalist Carl Linnaeus (1707–78). Being similarly Swedish, I have come up with the term *Sharkonomics* for the business world.

The evolution of mankind is not as impressive as we think. Evolutionary scientists have pointed out how slow our evolution development has been. (I would also like to add that we have not been around for as long as sharks.) One of these evolutionary scientists, Steven Pinker, suggested that to speed up mankind's evolution we need to add technology into our bodies or pair up with another species. When I tested this idea in my lectures most people believed in the technology part but few felt comfortable with the idea of combining mankind with another species. This book is a combination of adding knowledge from another species and using technology to speed up mankind's evolution.

**We have far more to learn from  
nature, than nature has to learn  
from us.**

Nature is much smarter than the likes of Stanford, Harvard, MIT, McKinsey, Boston Consulting Group, Bain, IBM, Apple and all of the other *Fortune* 500 companies. In nature, sharks have to move to survive. But in business most market leaders do not, because they are stuck in history – and eventually become shark food. Sharks don't perform by producing endless Power Points; they bite into market share. *Sharkonomics* will reveal how the logos of market leaders will have more bites taken out of them than a seal after a shark picnic.

This book is inspired by Mother Nature's sharks which have been around for more than 420 million years and completed numerous strategic moves. It will prepare you to jump into the water and attack the market.

Economic competition is increasing rapidly and reduced resources will increase that further. Economist Joseph Schumpeter (1883–1950) came up with the term “creative destruction” to demonstrate why companies need to innovate constantly in order to survive. In my opinion Schumpeter was converting the saying “eat or be eaten” into economic terms. *Sharkonomics* is a further enhancement of this: “read this book and take a bite”.

**“We will never really understand  
important economic events unless we  
confront the fact that their causes  
are largely mental in nature”**

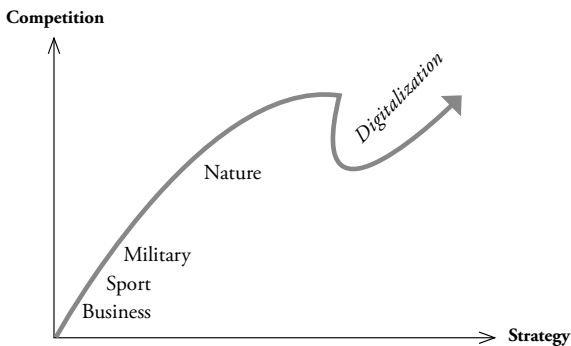
*– George Akerlof and Robert Shiller,  
Animal Spirits.*

## **Mighty corporations like IBM are swimming with sharks**

IBM are using shark language in their reports and publications: “Can you see the competition coming? They're hard to spot until they've taken a chunk of your flesh.”<sup>3</sup> Large players in the market



realize that in a highly disruptive market, you need new moves to survive and thrive as an organization. Accenture are also using classic shark expressions: “A sort of ‘violent’ success frequently shakes the status quo... allowing new players to step in and grab a slice of the market....” In other words, the market is changing so fast that there is no time to move slowly. Today the alarm bells are ringing: digital sharks are swimming globally and biting into everything that is moving slowly. As Accenture points out<sup>4</sup>: “Markets are conquered with a ‘shark fin’ burst of domination.” And they end the article with: “Perhaps time will show that only the digital predators – the sharks of this world – will succeed in volatile, complex and fast-moving digital business.” Fat and happy is what turns most big corporations into vulnerable prey.



Digitalization speeds up competition and drives the need for higher levels of strategy like nothing else seen in modern economic times.

Competition is directly connected to the level of strategy. At the basic level we have business strategy (where competition is limited); the next level is strategy in sport (where winning is more transparent); and the highest level is military strategy (where no rules except winning apply). Above all levels of strategies is nature strategy (everyone is on the menu – cannibals eat rules). Most of today's market leaders are only No. 1 because the competition stinks! And it's this that attracts digital sharks to come and take a bite.

In the past, there was less competition in business because of the differences in countries, markets and business segments. Each of these silos had limited competition, where the need to adapt and compete was low. However, with the advent of digitalization, business is now as competitive as nature, where everyone is on the menu. There are no longer limitations in terms of countries, markets or segments. Digital sharks such as Amazon and Alibaba are moving across the globe towards anything that they can feed on. This increases the need for management to update itself in both attacking and defensive moves.

### **Taking a bite out of Apple**

Apple shocked the mobile-phone market by introducing its iPhone. It was a classic wake-up call which saw Apple take big bites out of market leaders such as Nokia, Samsung and Sony

Ericsson. The latter survived the attack, but it cost the company billions. When Apple moved into new territories with the iPad, it reported sales of millions. That is great, even by Steve Job's standard. But reporting the success of Apple is like pouring blood into an ocean, which attracts hungry competitors. It won't be long before the likes of Google will strike back with their own version of the *iPad killer*. Competitors act like sharks; they have a good sense for business and it will not take them long before they also enter the new market. Now the question is: How fast can Steve Jobs' successor swim before the sharks (competitors) catch up with Apple's advantage? A brand such as Apple can afford to take a bite in different business fields to see how it tastes: the iPod tasted good, the iPhone tasted even better, and the iPad made for a nice dessert. The music industry should have seen Apple circling around it years ahead of its attack. But where and what will the iShark attack next time? What will be Apple's next attack? With the iPad, Apple will continue its attack on the publishing business (books, newspapers, etc). But isn't it time someone attacked mighty Apple, for even sharks can be attacked? Apple is the kind of company that many people admire because they are outstanding in many ways, but the simple truth is that it is only good because the competition stinks. *Sharkonomics* will reveal where and how to attack companies such as Apple through some of the enormous blind spots they are unaware of and through mistakes in their defence strategies.

## **Do you dare not to read *Sharkonomics*?**

Often you don't see a shark attack coming until it is too late. Don't let the competition strike and gain the edge.

Each attack will reduce the chances of survival for market leaders. The ambition of this book is not only to show how you can attack but also how you can defend yourself from upcoming attacks from competitors. You will learn how to use the fear of attack to inspire change by getting employees to swim faster to new territories.

Market leaders think their strength and size make a strong defence that can withstand attacks from competitors. But this is a false feeling of safety. Strength is only another form of weakness. Strength makes the blind spot bigger. When a shark attacks a big and strong prey, it simply takes a bite and lets its prey bleed until it becomes weak. Then the shark moves in for the final kill, which is often delivered with precision (on the core business).

In nature it is important to maintain a balance in the relationship between predator and prey. The prey which fails to adapt its defence system to the defence system of the predator will risk its market leader position. The predator which fails to adapt to new defences will suffer and lose a good meal of raw market share. It is called the "arms race between predator and prey". The attack and

defence part of this book will inspire some major evolutionary changes in the nature of business.

### **Move or die vs. read or die?**

#### **The biomimicry lessons to learn**

Nature is the biggest library of knowledge in existence. It has been around much longer than mankind and it will be there long after us unless we adapt. The biomimicry<sup>5</sup> field looks to nature for inspiration in order to solve known problems.

In issues such as gender equality sharks are way ahead of business. Amongst Great White Sharks the strongest and most aggressive gender is female. In some cases when male sharks don't show them the right respect, the females simply take a bite of their dorsal fins.

Business can learn many lessons from biomimicry,<sup>6</sup> even if I think many of the books are difficult to digest (but on the other hand sharks are famous for being able to digest almost everything).

**Corporations have to accept their mortality in order to survive; everyone in the market is in shark territory. Being in denial will be costly, no matter what business field you are in.**

## **Biting into the corporate culture**

Great White Sharks don't survive in captivity. The same goes for super talented entrepreneurs in big corporations. There are of course exceptions, but most of the time its only buzzwords used to attract talent in classifieds. I guess you wouldn't see a classified like this:

**"Like the deadly jet fighter,  
the White Shark is graceful and  
powerful, sexy and frightening"**

*– Richard Ellis, Great White Shark.*

Just like Great White Sharks are born to be wild, super talented entrepreneurs do not survive in the corporate culture of today's market leaders. To manage raw talent, market leaders need to update their corporate DNA so that they can be *one* with the environment surrounding their business.

**"Behaviour speaks much louder than  
words" – Peter Drucker.**

If the corporate DNA of market leaders is compatible with the nature of raw talent then this raw talent will help them to stay on the cutting edge of their sector. To achieve this, today's market leaders need to embrace a corporate culture that is graceful and powerful.

**It is time to take a swim on the  
wild side of business.**

### **Market leaders are reforming**

Market leaders are reforming and regrouping as a result of the current economic crisis and market conditions. We are already seeing some unusual combinations taking place – for example, Microsoft is supplying software to Nokia mobiles. It may not be long before we see Apple and Google working together. None of the market leaders can survive on their own. Predator companies should recognize that market leaders are reforming and are working together to protect themselves and their market share.

However, one thing is for sure: none of the above market leaders have enough understanding of consumer power to avoid being attacked by a predator whose moves are based on the currencies that consumer power offers it.

### **Why *Sharkonomics* is not for everyone**

Experts say that our fear of sharks is based on our fear of being eaten alive. Since the purpose of this book is to eat market leaders, alive in raw flesh and blood, it may trigger the same panic button. I do respect and understand that this book may be provocative for victims of shark attacks. Therefore, I strongly do not recommend

sensitive people suffering from shark-phobic tendencies to read this book or indeed visit *www.sharkonomics.com*.

Nature may seem brutal, but it is not personal, rather it is functional. Predators are just doing what nature has designed them to do – hunt and eat prey. This book aims to make it as natural for business to do the same – hunt and eat prey. Sharks may appear brutal when preying on their food, but their brutality is nothing compared to that of mankind. Mankind is practically feeding on and slowly killing Planet Earth, including killing sharks in a volume that can be classified as nothing less than a criminal act against Mother Nature.

**A “clean cut” ain’t personal.**

Sharks attack with a “clean cut” and at first it doesn’t hurt because it is so sharp and unexpected. In my opinion it is not personal, it is just business. I have improved my business a lot by learning from sharks. I have learned how to focus my business on what’s nutritious for my profit and what’s not. I have learned more about social structures and relations and how they function through studying sharks. However, a problem arises when I am swimming at my local swimming club. It appears I often bump into people in the pool. Of course, I have no intention of attacking my fellow swimmers but unconsciously these great sharks that I have been



studying for a long time may have influenced me in some way. *Sharkonomics* will take a “clean cut” deep into the flesh of market leaders in order to take market share and move business forward into new directions. This book is not filled with fluffy buzzwords; its main purpose is to rock the boat (or sink it).

**Once again sharks will move out of the shadows, this time into the wild territories of the business world.**

You don't like the sound of this? Read another book with beautiful diagrams and which doesn't contain deadly jaws. Please note: readers of *Sharkonomics* will embrace their feeding instinct and move around the market in search of prey to attack.

If you don't like the attack dimension in this book it could be a good idea to at least read the defence part so that you avoid becoming a victim of *Sharkonomics* readers who will do what the nature of this book has intended them to do.

**Nothing perfect is perfect.**