



## “BUILT TO FLIP”: IS THE SKY REALLY THE LIMIT?

**T**hese days, it seems that whenever you pick up a business magazine, you're treated to a photograph of yet another 28-year-old Internet millionaire. By generating a hot new idea, launching a company, and then going public at just the right time (“flip-ping,” as management author Jim Collins calls it), these young tycoons—along with more seasoned peers who share the same philosophy—are cashing in big. The idea that companies should be “built to last” appears to be giving way to the idea that they should instead be “built to flip.”

It's hard not to see the appeal of such opportunities for instant wealth in today's white-hot economy. After all, who among us wouldn't grab at a chance to buy that mini-mansion or indulge our passion for racy sports-cars? In the past, such opulence was open only to those who had either inherited wealth or who had “paid their dues” over many years in posi-

tions of ever greater responsibility. Today, it seems available to anyone with the nerve, fresh ideas, and good fortune to seize it.

This shift suggests a change in how we perceive the purpose of work. Specifically, many participants in the flip-happy economy view work primarily as a chance to make money rather than create something of enduring value or to serve the greater good. This new emphasis on cashing in is generating some heated debate. Some observers lament the focus on materialism and instant gratification that flipping seems to engender. Others argue that a desire for quick riches is nothing new, nor is it morally wrong.

But the debate over whether the trend toward flipping is good or bad is really irrelevant. The more important query is: What does this new attitude mean for the individuals involved, and for American society overall? Equally valid, how might the ramifications of this shift play out over time?



### To Flip or Not to Flip?

As with anything that seems too good to be true, it's worth taking a closer look at this trend to see where the “catch” might be. That is, what are some of the less savory things that could happen if flipping became the dominant entrepreneurial model of the new economy? As Jim Collins, coauthor of the best-selling *Built to Last*, points out, “[O]ne almost inevitable outgrowth would be a rise in social instability” as the socioeconomic disparity in this country widens even further. Equally troubling, those left out of the boom times may resent the fact that the nation's wealth engine is operating for a favored few—“who are doing less and less to ‘earn’ it.”

In this way, flipping “debases the very concept of meaningful work.” The focus on cashing in also threatens to create a void in people's hearts where there used to be a sense of greater purpose in work. The danger is that people will hunger even more for material goods to somehow fill that void—thereby reinforcing the “get-rich-quick” mentality. In a sense, we've come full circle, back to a time when people take jobs just for the money—something our grandparents did to put food on the table. Now, though, the temptation is to do so in order to get a bigger table.

These are all ominous possibilities. However, nothing can grow forever—not even the instantaneous, astounding wealth that flipping has generated so far. In a market economy, a business model that doesn't produce real results can't last. The question is: What limits are going to kick in to stop this trend? ■

—Lauren Keller Johnson

Source: Jim Collins, “Built to Flip,” *Fast Company*, March 2000

### YOUR WORKOUT CHALLENGE

*Systems Thinking Workout* is designed to help you flex your systems thinking muscles. In this column, we introduce scenarios that contain interesting systemic structures. We then encourage you to read the story; identify what you see as the most relevant structures and themes; capture them graphically in causal loop diagrams, behavior over time graphs, or stock and flow diagrams; and, if you choose, send the diagrams to us with comments about why the dynamics you identified are impor-

tant and where you think leverage might be for making lasting change. We'll publish selected diagrams and comments in a subsequent issue of the newsletter. Fax your diagrams and analysis to (781) 894-7175, or e-mail them to [lauriej@pegasus.com](mailto:lauriej@pegasus.com).

**Receive a Free Audiotape!** Please send your responses by **July 1**. Those whose responses are published will receive an organizational learning audiotape from a previous Pegasus conference—free!