Eric Carlo
HNRS2900
John Mueller
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Rainforest, Book Summary

Written by Victor Hwang and Greg Horowitt, the book seeks to redefine the traditional beliefs about the process of innovation and the ecosystem where it is created. They look at Silicon Valley in California and compare its workings to other business and entrepreneurial ecosystems around the world. In the book, the writers seek to establish a new way of looking at the notion of innovation that challenges the old system of developing innovation. They call this new model, where innovation and ideas flow, where the community thrives with more than just economic goals in mind, a Rainforest.

"The Rainforest" begins by addressing the mystery of innovation, and invites the reader in a journey to try and make innovation tangible by trying to provide a hypothetical medium where it can be nurtured and grown. The book explains the elements that would take part in a successful Rainforest, the tools and rules to create a Rainforest, how to build one, how life progresses in it, and how to measure this Rainforest. The authors try to pinpoint what makes Silicon Valley so successful in innovation and as a startup community by exploring its culture and history. They look at it through the lenses of various scientific fields like biology and psychology to study what makes this community so special, and to see if it can be replicated in more places around the world to the same extent.

So, what is this Rainforest exactly? Why call it "the Rainforest?" They use this name as an analogy to the fact that in a natural rainforest, biodiversity is enormous and it is created organically, without too many hindering limitations. This is the opposite of what happens in a traditional business model, which resembles more of an agricultural field, very structured and with only few (if not only one) types of plants. The Rainforest calls for diversity and spontaneity, an unblocked and untroubled exchange of ideas and people, so we can recollect weeds not only crops. In a good Rainforest, irrational behavior reigns, and calls for a truly free market, not so much controlled by an "invisible hand," as Adam Smith once claimed, but by people that have real connections between them. So a Rainforest needs efficient government regulations and aid for research from it. One of the main aspects that make the Rainforest special and different from anything else, is that the people that are part of it, are able to break through social barriers that would impede them from connecting with others and allowing serendipity to reign.

The model of the Rainforest seems to occur naturally in the midst of Silicon Valley in California. Why hasn't it surged in equal measure anywhere else in the world? Or at least in the US? Chicago for example has the same elements that could possibly produce an affluent and successful startup community like Silicon Valley. Why can't we see the same results?

The old notion of the free market is that resources will be allocated in a fair and rational way if the market is left to be and unregulated by government or any organization. In reality, this is not completely true, according to the writers, because humans are not that rational and trustful of one another. We as people have high and thick social barriers that retain us from socializing to a full extent with all members of humanity. Be it because of religion, race, or culture. This is

caused by the tribalism that had our ancestors and that has been transpired to us through evolution.

Looking at research, the writers make it clear that human history, evolution, and the way we have socialized throughout the ages has made us to naturally be aware of other people and automatically distrust others. The fact that we are wired psychologically to distrust each other makes it hard for the Rainforest to occur. For the Rainforest to become a reality it is necessary that people are able to connect and exchange ideas with one another regardless of background or any obstacle. The Rainforest model depends on the ability of its members to have multiple circles of trusts and that they have the ability to jump to other circles while creating relationships with every possible individual. One of the ways to overcome social barriers, is by a Keystone, an individual that easily connects people with great ability in human relations. The Rainforest depends on Keystones, or people that act as bridges between tribes of the community.

The Rainforest depends on the irrational behavior of the people in it. Entrepreneurs are a big part of that. In a Rainforest, there is very few, almost non-existent, social costs to being irrational, of being moved by extra-rational goals. What make the Rainforest vibrant is the fact that the people participating in it are moved to action by more than just the monetary gains. The people in the Rainforest are pushed out of bed every morning because they are having fun, because they want to cause impact, to change the world, etc. A social cost might be the disapproval of family and friends, or the difficulty of meeting new and diverse individuals because of stereotypes or the fact that society in general may punish that behavior. In the Rainforest there are minimal social punishments such as these. Entrepreneurs are allowed to dream and seek new ideas, to connect with whoever freely, without disregard from society.

The people in the Rainforest tend to seek long-term goals, not to take advantage of situations to have short-term economic gain. The Rainforest is formed by members that think of the whole community and have respect for it. Of course, there may always be some individuals that may seek the opposite and do damage to the overall community by being selfish and taking advantage of other's trust, but the community should be able to punish these behaviors how it deems necessary. One may think that with wild and irrational behavior there would be almost no rules in a Rainforest. The difference is that the rules of the Rainforest are unwritten and informal, its members should react to violations of the rules by second nature, because they are part of the culture of the community.

When we want to talk about managing a Rainforest, we have to think about W. Edward Deming, to take his model in the work of systems. The writers take his system as an example as to how to manage a Rainforest successfully, while making some changes to it. Deming's concepts seek to maximize quality in a company, but we can adapt them to the managing of a Rainforest. With Deming's model we take into account that failure is commonplace, that we should appreciate individuals as vital parts, that some individuals should be role models for others to motivate and lead them. Deming also sought to reduce corporate barriers between individuals in a company, we have to do the same in the Rainforest; to reduce the social barriers that not allow individuals to connect and build relationships. The Deming philosophy wants cultural change, also a main objective of the Rainforest. For the Rainforest to be successful, we have to look at the whole process of innovation, to change it at its core.

One reason why Silicon Valley may have this culture already instilled in it may be the influence of the American Frontier way of life. The pioneers that pushed through the wilderness

of the Wild West were forced to trust one another and to make spontaneous connections with the others they encountered in their travels. The culture of the Frontier may be a big factor in how the people in the West Coast behave.

To create a Rainforest we need tools. We need to learn by doing, to enhance diversity, to celebrate role models, to build tribes of trust, to create social feedback loops, and to make social contracts explicit.

We come back then to how people connect in a Rainforest. The culture of the Rainforest should be one that is moved by its dreams and goals, a diverse environment, where its members are motivated to persist despite the amount of failures. The Rainforest is a nest that allows innovation to flourish. Basically, the Rainforest model is a new recipe, a recipe that utilizes already existing ingredients, to make the most out of them, to make something that is more than the sum of its parts.