

*The*  
**RAINFOREST**

*The Secret to Building the Next*  
**Silicon Valley**

A new book by Victor W. Hwang and Greg Horowitz



*Greg Horowitz, Co-Founder & Managing Director, T2 Venture Capital*

*Co-Founder, UCSD Global CONNECT*

[www.therainforestbook.com](http://www.therainforestbook.com)

[www.innosummit.com](http://www.innosummit.com)

ONCE UPON A TIME...



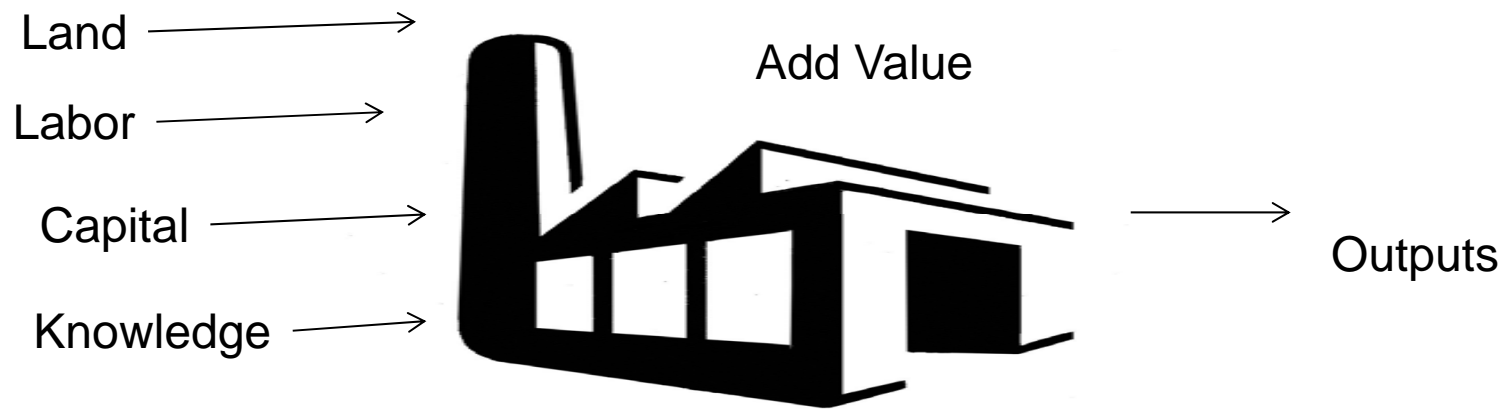




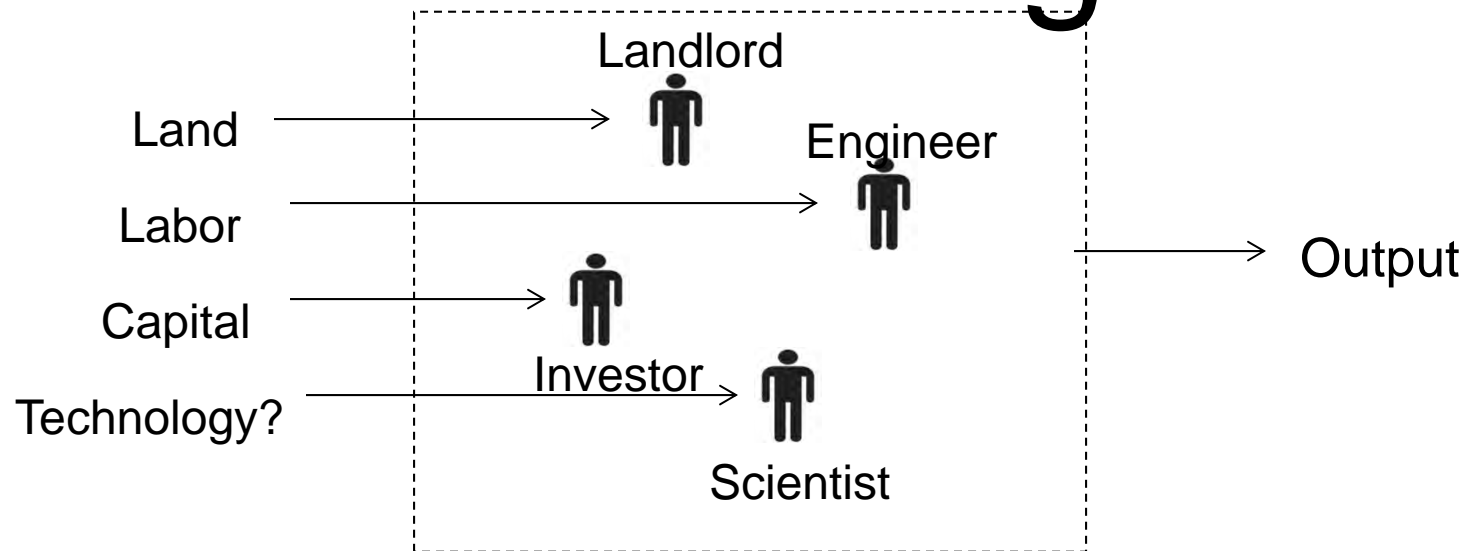




# Economic Process

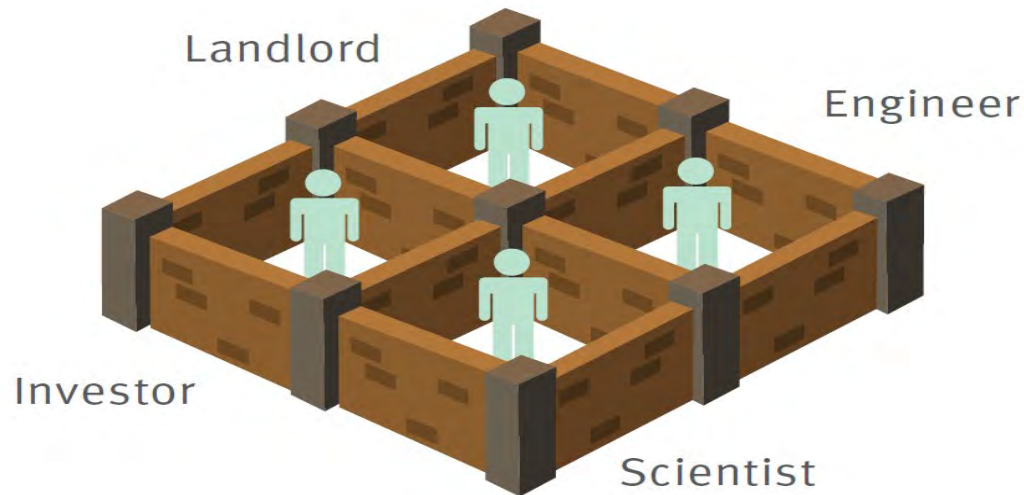


# ...but we are biology, not buildings

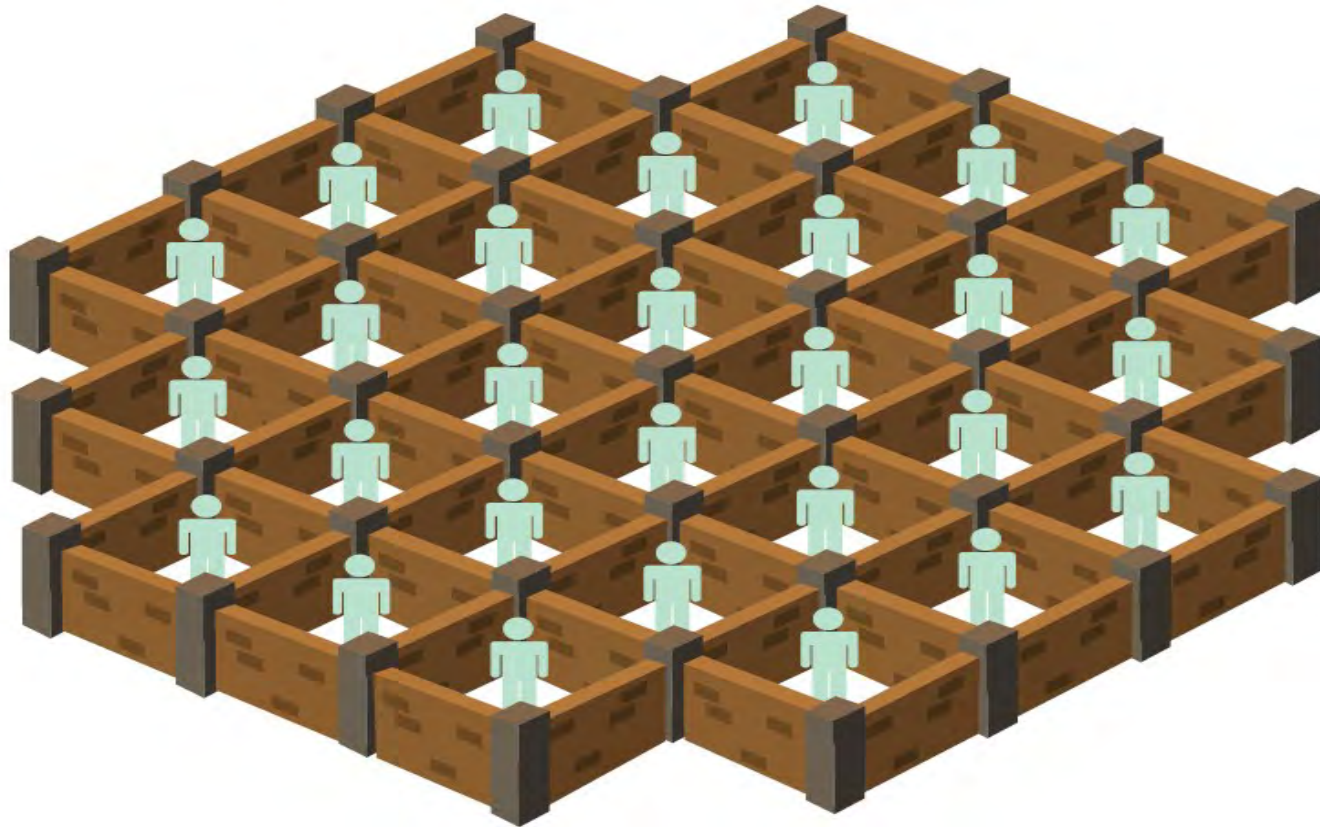


What Drives  
Economic Progress?

And real human beings are separated  
... by geography, culture, language, social networks,  
and lack of trust.



This happens across entire systems.



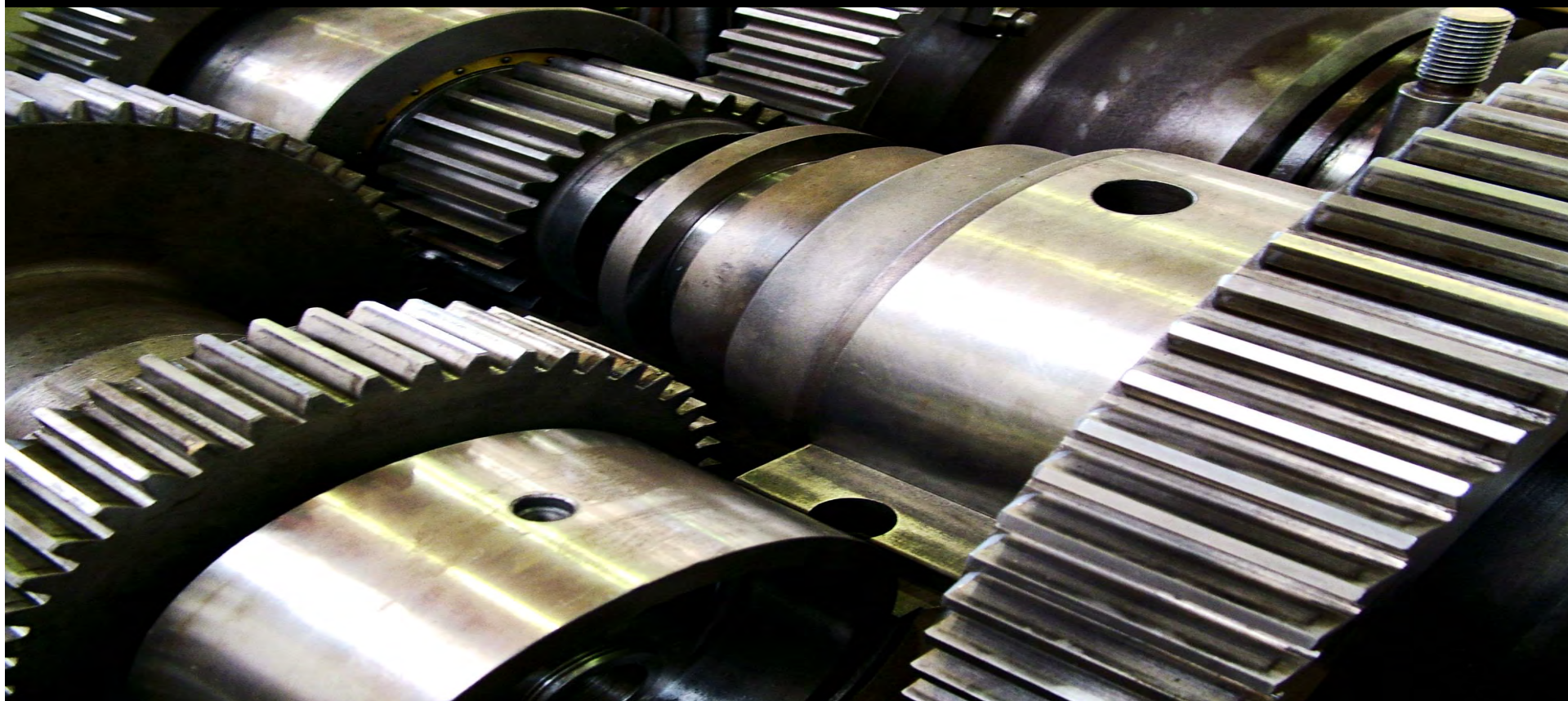








# THE RISE OF THE INDUSTRIAL ECONOMY



# The Image of Limited Good

George M. Foster , 1965 Peasant Society and the Image of Limited Good,  
"American Anthropologist."



Scarcity



# THE EMERGENCE OF KNOWLEDGE & CREATIVE ECONOMIES





**Abundance**







So What Causes  
Innovation to  
Happen?

# Innovation happens when ideas have *sex*

*Matt Ridley, 'the Rational Optimist'*



*Chicken Ranch*

*World Famous  
& Historic...*

**BROTHEL**

**VOTED #1**

**NEVADA BROTHEL  
OF THE YEAR**

**The World Famous**

**CHICKEN RANCH**



*“While we associate economic growth with technological development, organizational innovation has played an equal, if not more important role since the beginning of the industrial revolution.”*

*Economic historians Douglass North and Robert Thomas (P47 of “Trust”)*

So the big question is...

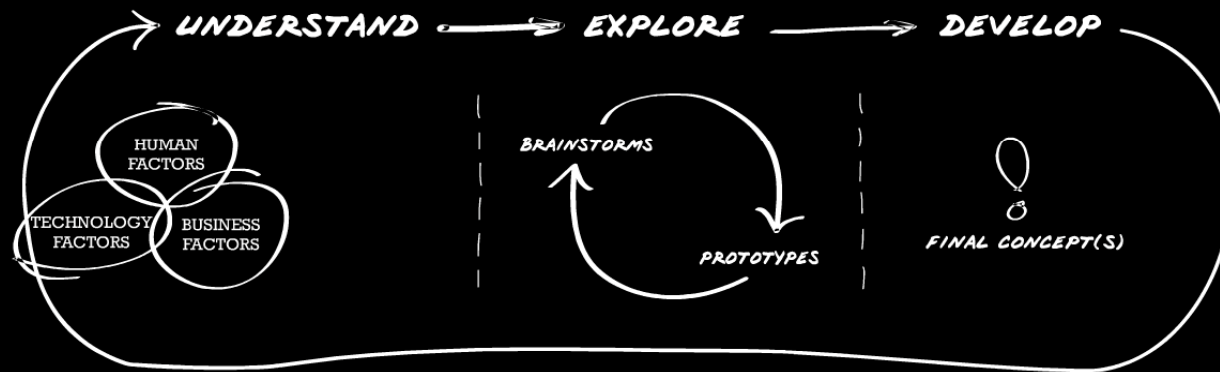
Can we *engineer serendipity* ?

YES!

# Design vs. Engineering



# DESIGN THINKING









Courtesy of Akridge and  
Shalom Baranes Associates

# Evolution of *d.thinking*

**Objects**

Industrial design

**Buildings**

Architectural design

**Cities**

Urban design

**Economies?**

Ecosystem design?

# Design

- What are our goals?
- What is required to achieve them?
- What is the most effective way to create sustainable change?
- How do we create sustainable alignment among stakeholders?
- How do we establish and maintain a sense of urgency?

# The Rainforest Process

- Who is in charge of execution?
- What is required for operations management?
- What are the necessary resources?
- When will specific milestones be accomplished?
- What are the various roles and responsibilities?

# Build

- How do we define success?
- How do we monitor and measure progress?
- How do we learn along the way?
- How do we incorporate new knowledge and lessons-learned into our operations?
- How do we keep our organization open-minded and flexible?

# Iterate

# Assess

- Who are the critical stakeholders?
- Who are the key leaders?
- What are the resources available?
- How does culture support the process?
- Who are the role models?
- What is the available infrastructure?
- What frameworks govern the community?
- What is already happening?





# The Rainforest Canvas



## Leaders:

- Who has the reputation, resources and commitment to lead new initiatives?
- Who will champion new initiatives within their own organizations?
- How can leaders and champions be more inclusive?



## Stakeholders:

- Who are the service providers?
- Who are the inventors?
- Who are the capital providers?
- Who are the support organizations?
- What is the role of government?
- Who are the other key participants in the innovation ecosystems?



## Frameworks:

- What is the regulatory environment for innovation?
- What legal/bureaucratic barriers stand in the way of entrepreneurship?
- What widespread social norms surround the innovation ecosystem?



## Resources:

- What resources are available to aspiring entrepreneurs (knowledge, mentorship, cloud hosting, etc.)?
- What sources of capital are there in the marketplace?
- How does this capital flow and interact with growing businesses?
- What is the volume and quality of talent in the labor pool?
- What are the main sources of innovative ideas/discoveries/inventions?
- What resources are available to service and support organizations that interact with entrepreneurs (workforce training, etc.)?



## Activities:

- What are people already doing to stimulate innovation/entrepreneurship?
- How are these people collaborating with each other?
- What activities drive participation in the community?
- What events create 'buzz' and generate interest?



## Engagement:

- Where, when and how do stakeholders interact?
- How do ideas, talent and capital come together?
- What are the lines of communication between partners?
- How do members of the community collaborate with each other?
- How does the community engage external or global partners?
- How does the community encourage recruit new constituents?
- How do young people get involved?
- What forums exist that allow the breakdown of social and professional hierarchies?



## Role Models:

- Who are the local entrepreneurs that have built successful companies?
- Who are the local entrepreneurs that haven't yet been successful and what can we learn from their failures?
- What regions have similar attributes and resources?
- What organizations have shared visions/values?
- Are there other regions with successful innovation ecosystems that we could learn from or emulate?



## Infrastructure, Capability & Community:

- What is the density and quality of service providers (law, IP, consulting, real estate, etc.)?
- What boundary spanning organizations exist?
- What is the local level of serial entrepreneurship?
- What is the density and quality of physical infrastructure (airports, internet connections, etc.)?
- What are the core sectors of the local economy?
- What are the strongest regional comparative advantages?



## Culture:

- What kind of innovative social networks exist already?
- How do people deal with uncertainty, risk or randomness?
- How is failure perceived?
- Do people build for perfection or iteration?



# STAKEHOLDERS

INNOVATION LAB

BANK FINANCING

ENLABS (TRUE ACCELERATOR)

DIG COMPANIES (FON)

ALIAN SIREN COMPANIES

TRUMP INTERNATIONAL ANGELS

API

REGIONAL FINANCIAL INSTIT (INSIT (COMMERCEBANK, ETC.))

ROME'S COUNTY

PENSION FUNDS

# SOURCES

TOTAL IMAGE BIZ. IMP.

FUNNY PLEASOR

CUR IDEAS

DISCON ORIENTED MONEY (M. BARDA)

DEATH OF THE UNIVERSITIES

INNOVATION LAB

# ACTIVITIES

CUR TRAILING

Foster Innovation ON MASS MEDIA

MARIE CURIE FELLOWSHIP

STORYTELLING TO INSPIRE ENGAGEMENT

STARTUP COMPETITION

CREATE CULTURE (SOP EDUCATION TEACHING TECHNOLOGY)

DEFINING METRICS

CO-WORKING

W/ CREAZIONE

WORKING CAPITAL

CO-WORKING

X-FUNDATION

CUR START CUR

SOP EVENTS TAKE MEETING (AS MEETING TODAY)

BBQ!

MENTORS & PARTNERS

# ENGAGEMENT

PNI

HYBRID TEAM (EXPERIENCED + FRESH)

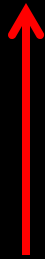
ITALIAN EXP.

# INFRASTRUCTURE, CAPABILITY & COMMUNITY

UNIVERSITA'

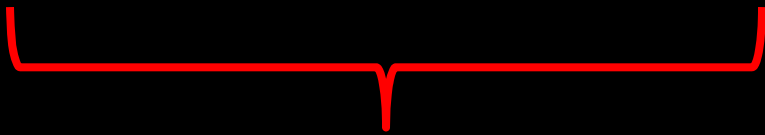
# CULTURE

ACTIONS → OUTCOMES



This is where we tend to focus

BELIEFS → BEHAVIOR → ACTIONS → OUTCOMES



This is where we should focus

# Emotions can be Powerful

## Scarcity

- Fear
- Apathy
- Neglect
- Mistrust
- Hoard
- Blame
- Abuse

## Abundance

- Trust
- Love
- Joy
- Inspire
- Share
- Forgive
- Courage

# What is the connection between emotion and high impact economic growth?

We've moved into the experience economy



Based on the work of Joseph Pine and James Gilmore in "The Experience Economy"

From *Ego*system to...



# The Rainforest Recipe

## Assets: "Hardware"

- People
- Professional
- Physical
- Policy

## Culture: "Software"

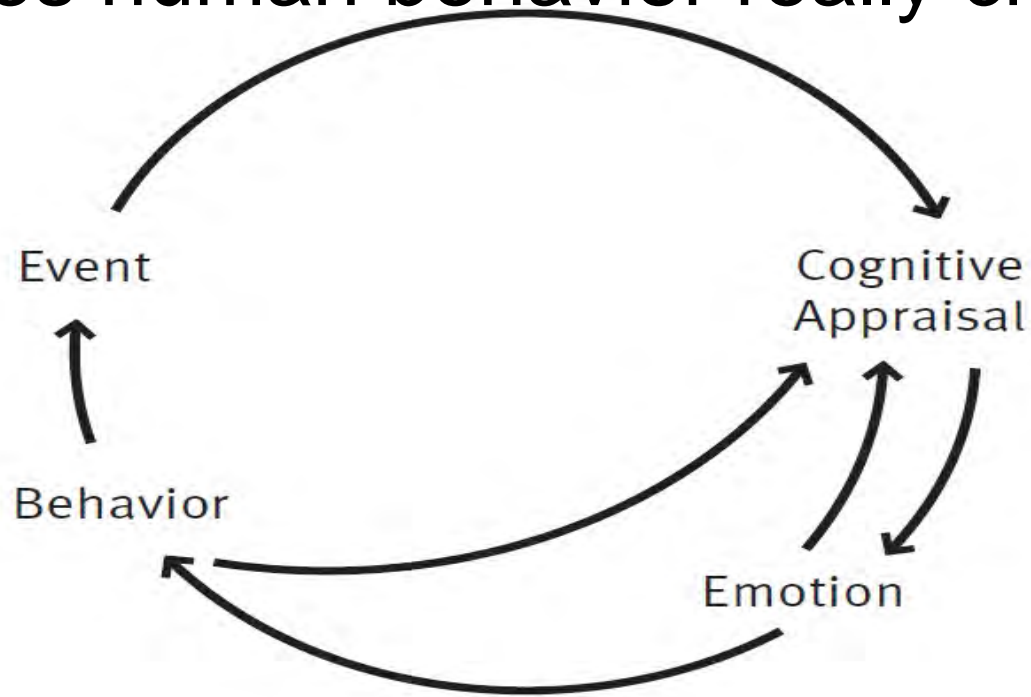
### Keystones

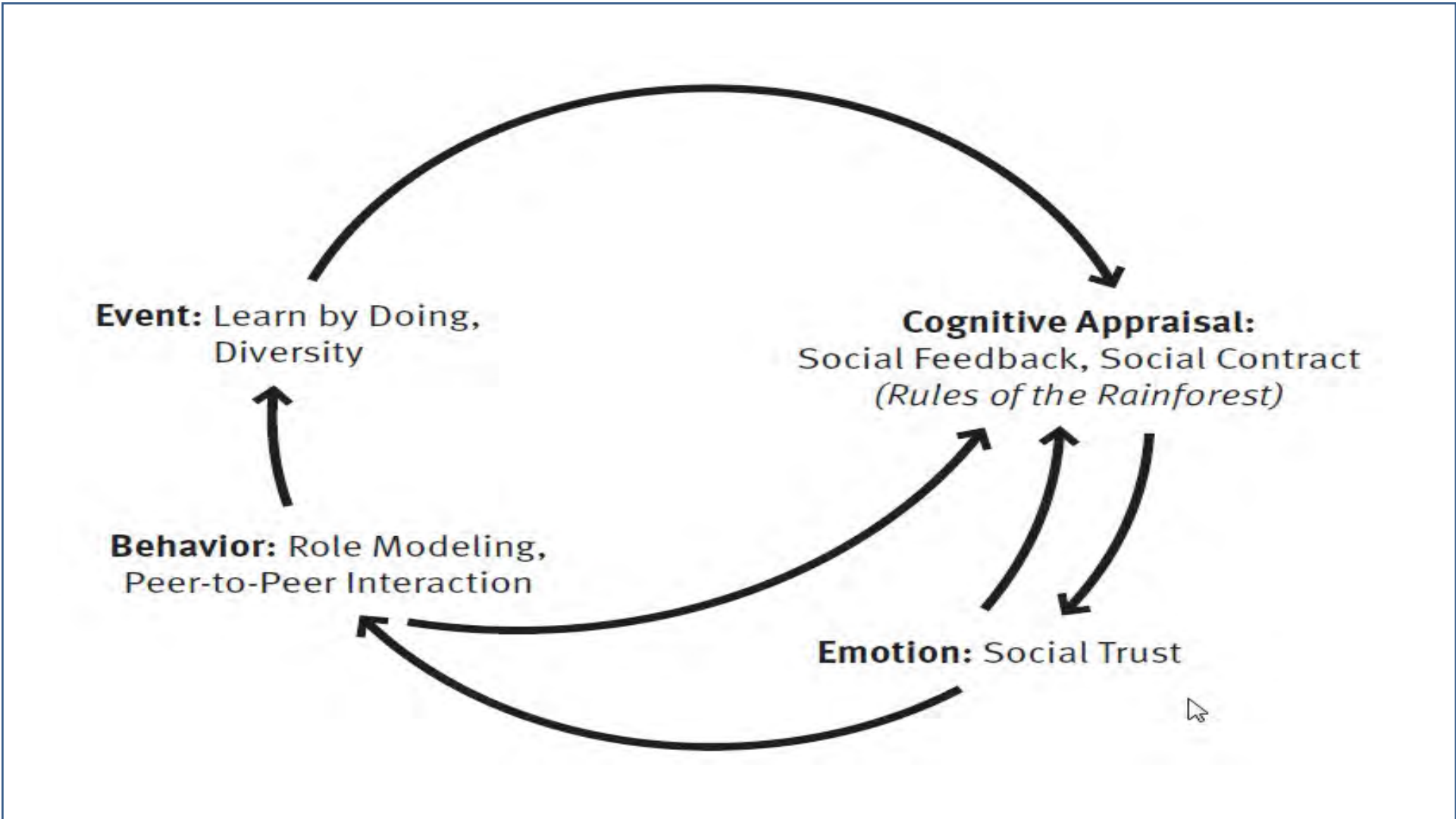
- Diversity
- Extra-rational Motivations
- Social Trust
- Rules of the Rainforest
- Interpretation of Rules

generate social friction

dissipate social friction

What can we learn from psychology?  
How does human behavior really change?





**UNLEARN**



Implicit → Explicit

# EXPLICIT *vs* TACIT

The Science of Motivation

MIT, Carnegie Mellon, Univ. of Chicago

Authenticity

+

Legitimacy

# Rules of the Rainforest

1. Break rules and dream
2. Open doors and listen
3. Trust and be trustworthy
4. Experiment and iterate together
5. Seek fairness, not advantage
6. Err, fail, and persist
7. Pay it forward

Because it's not about *thinking outside the box*



Its realizing *the box doesn't exist!*

20 years from now...what will be the next



Google

AMGEN



QUALCOMM



‘According to Darwin’s *Origin of Species*, it is not the most intellectual of the species that survives; it is not the strongest that survives; but the species that survives is the one that is able best to adapt and adjust to the changing environment in which it finds itself.’

*(Megginson, ‘Lessons from Europe for American Business’, Southwestern Social Science Quarterly (1963) 44(1): 3-13, at p. 4.)*

Try fast, learn quickly, fail small...  
and evolve rapidly

Mistakes don't define us...  
they refine us!

# A New Paradigm

- Predict and Repeat → Learn and Adapt
- Business Planning → Business Modeling
- Eliminate Risk → Manage Risk
- Never Fail → Fail fast and cheaply
- Outputs → Outcomes (Patents ≠ Products)
- Invention → Innovation

# Ambiguity + Discomfort

"The truth is that our finest moments are most likely to occur when we are feeling deeply uncomfortable, unhappy, or unfulfilled. For it is only in such moments, propelled by our discomfort, that we are likely to step out of our ruts and start searching for different ways or truer answers."

*Unknown*

# Uninformed + Intelligent

Diversity and independence are important because the best collective decisions are the product of disagreement and contest, not consensus or compromise.

*James Surowiecki, the Wisdom of Crowds*

# Tools to Build Rainforests

1. Learn by Doing
2. Enhance Diversity
3. Celebrate Role Models and Peer Interaction
4. Build Tribes of Trust
5. Create Social Feedback Loops
6. Make Social Contracts Explicit

REMEMBER  
YOU MATTER!

*“Spontaneous sociability is critical to economic life because virtually all economic activity is carried out by groups rather than individuals.”*

*Economic historians Douglass North and Robert Thomas  
(P47 of “Trust”)*

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