of cure" translates into "a dollar spent on health building may be worth thousands in hospitalization and treatment costs." The challenge is to design a system that gets away from treating symptoms—where there is the least leverage and the highest costs—and focuses instead on efforts to *build* health.

The healthcare system in America is not deteriorating in a vacuum. "Health care, for all its technical ge-

nius, has become an economic cancer that is eating into other necessary public functions...Our health care industry is draining resources desperately needed elsewhere to keep America a competitive nation" ("The Brave New World of Health Care"). Not only is the healthcare system destroying itself and the economic position of its players, but it is also affecting quality and efficiency in many other arenas. To be truly effective, reform must take into account not just the roles of the players and the structure of the system, but also

how the system affects the economic health of the country as a whole. ✍

References: "The Brave New World of Health Care." Richard D. Lamm, University of Denver, May 1990; "Healthcare Reform: A Closer Look." Management Accounting, *Dec. 1991; "Healthcare Reform Stews in Congressional Pressure Cooker."* Healthcare Financial Management, *Jan. 1992; "Wasted Healthcare Dollars."* Consumer Reports, *July 1992; "Business and the Future of American Healthcare."* Business Week, *June 22, 1992. For other resources, call our offices at (617) 576-1231.*

From The Headlines
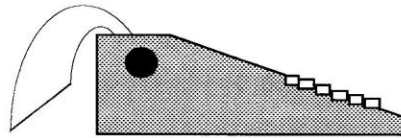
Some dynamic structures occur so frequently that they have been identified as a generic set of tools called "systems archetypes." This column is designed to help readers recognize archetypes at work in newspaper and magazine articles.

Software Price Wars

Because learning new software takes so much time, software makers enjoy a great deal of brand loyalty once they win a new customer. That's why capturing the 10 million PC users who have adopted the Windows format is a critical marketing strategy for software makers. The result: a brutal price war is underway in the software industry.

According to *Business Week*, the risks are high, but so are the potential earnings. "For some suppliers, today's painful cuts may eventually lead to fat profits. As customers settle in with their favorite Windows programs, software makers will collect a steady

stream of upgrade fees...But before long, the old rule will set in. As more customers master these new Windows programs, it will become harder and harder for rivals to get them to switch. Regardless of the price." ("The PC Price Wars Are Sweeping Into Software," *Business Week*, July 13, 1992)

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Features and capabilities weigh heavily in new product purchase decisions. Over time, however, the buying decision becomes more determined by the past *history* of purchases. A "Success to the Successful" archetype suggests that the success of a new product in the marketplace may depend more on structural forces than the intrinsic value of a product (see "Success to the Successful: Self-fulfilling Prophecies," *Toolbox*, March 1992).

Say a company purchases software A and B but begins using A right away. As the company uses software A, the employees become more experienced with it relative to package B, making software A an increasingly attractive choice. For the next purchase, it seems easier to

choose software A (R1). Software B becomes less attractive, since people are less experienced with it and therefore find it more difficult to use. This leads to fewer purchases, less usage and experience, and ultimately, no more purchases (R2).

A product's long-term attractiveness is often more the result of this familiarization structure than the merits of the product itself. For software companies, the "Success to the Successful" archetype highlights the importance of not only getting a product to market first, but making it easy for people to start using it. An early investment in customer hand-holding and technical support may kick off a reinforcing engine ahead of the competition.

For companies who are the consumers of these software packages, the archetype points out the risk of developing *competency traps*—using a technology solely because it is familiar. The danger is that companies can end up investing in and developing competencies in technology that is obsolete or ill-suited to their needs. To avoid falling into such competency traps, the best advice is to continually review the appropriateness of software (and other tools and technologies) relative to the company's needs. ✍

Success to the Successful in Software

The more software A is used, the less attractive software B becomes, leading to a "Success to the Successful" dynamic.