

Welcome to [Darwin's Business](#), where we'll analyze trends, news stories, and new ideas in the business world from an evolutionary perspective. Over the next few posts we'll explain what it means to look through the lens of evolution, and we'll say more about ourselves—[Jonathan Haidt](#) and [David Sloan Wilson](#). But the Lampert story is just so juicy that in this first post we want to jump back into it and show you how helpful evolutionary thinking can be.

Evolution is all about competition, and the dramatic effects that competition has on the structure and behavior of organisms over time. But here's the key idea: competition occurs at *multiple levels simultaneously*, and the winner at any one level generally succeeds by suppressing destructive forms of competition at the level below. Just look at our cells: each one contains mitochondria, each of which has its own DNA because mitochondria used to be free-living organisms. But somehow, various bacteria-like organisms found a way to incorporate each other and cooperate, and the result was the eukaryotic cell, which spread like wildfire over a billion years ago because it was able to harvest the benefits of division of labor.

Eukaryotic cells then found a way to cooperate with each other to form multi-cellular animals and plants, which spread like wildfire because they too were able to reap the benefits of the division of labor: some cells became leg muscles; others became adrenal glands or brain cells, and the diversified body was able to do things like run after other animals, kill them, and eat them.

But individual organisms are not the highest level of organization. In a few species – such as bees, ants, and humans – evolution created innovations that allow groups of thousands or millions of individuals to work together toward common goals and build gigantic corporate entities, such as beehives, ant nests, and... corporations such as Sears, which thrive and cover the earth because they reap the benefits of the division of labor.

This is the point that Lampert seems not to have grasped: cooperation and trust generate extraordinary value, yet they are fragile and easily undermined by competition at the next-lower level. It's as though there's an invisible band, which ties all the members together and motivates them to work for the common good. But if you tell everyone to be selfish and then you reward selfishness, the band dissolves and you lose the benefits of cooperation and division of labor.

Kimes describes how the culture of Sears changed in response to Lampert's reorganization:

*“The divisions turned against each other—and Sears and Kmart, the overarching brands, suffered. Interviews with more than 40 former executives, many of whom sat at the highest levels of the company, paint a picture of a business that’s ravaged by infighting as its divisions battle over fewer resources.... [one former executive said it created a] “warring tribes” culture. “If you were in a different business unit, we were in two competing companies,” he says. “Cooperation and collaboration aren’t there.”*

For example, no division was willing to lose revenue to create loss-leaders, which would drive traffic into the store, thereby helping all divisions. Another example: the appliance division found it could make more profit from selling Samsung appliances than from selling Sears' Kenmore brand, so they gave more and better floor space to Samsung.

So the next time someone suggests changing the organizational chart, incentives, or culture of your company to “align incentives” or appeal to selfish interests, ask them if they have thought about the full range of motives evolution has bequeathed to our complex species. People are not just selfish. It might make Ayn Rand roll over in her grave to put it

this way, but corporations and capitalism depend on the invisible band,  
as well as the invisible hand.