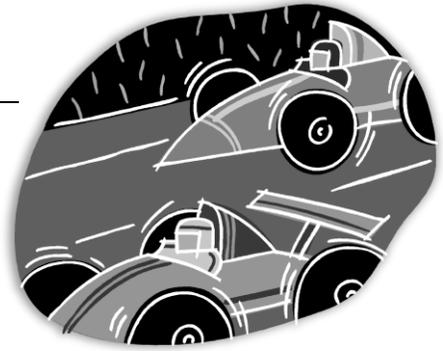


Competition . . . Zoom Zoom

It is the fastest growing sport in America. It is the second most watched sport on television, trailing only pro football. What sport is it? It's NASCAR-National Association of Stock Car Auto Racing.

What explains the popularity and rapid growth of NASCAR? Some have suggested that it's the danger and drama associated with cars reaching speeds of 190 miles per hour, and life-and-death, win-or-lose decisions being made in milliseconds.



Or maybe-just maybe-it is the economics of competition and cooperation that is visibly noticeable on the racetracks. The same qualities that a driver needs to win stock car races are the qualities one needs to win in the business world. Let's see if we can identify these similar qualities.

At the longer stock car tracks, such as Daytona and Talladega, the way to out-compete your opponents is to out-cooperate them. Specifically, the way to win is to enter into a "draft partnership" with other drivers.

In the 1960s, drivers learned that if one stock car closely followed another, both cars increased their speed. Two cars traveling together in what is called a draft line go faster than a single car traveling alone. Drafting explains why you will sometimes see as many as 10 cars, one right behind the other, racing around the track for long periods of time.

When drivers are "drafting," they are cooperating with each other. At a certain point in the race one car in a draft line will form a partnership with another car to pass the front car. The formation of this partnership will often allow a car to pass what was the front car. What we see in these instances is one partnership breaking up and others being formed.

And near the end of the race it is inevitable that cooperation will give way to competition. The second car in a draft line will try to pass the car in front. This is a very technical maneuver, but it is made harder by the first car trying to prevent his former partner from passing.

Lesson learned from stock car racing: Stock car racing is not just a matter of powerful engines, agile handling, expert driving, and fast pit stops. It is a second-by-second knowledge of knowing when to cooperate and when to compete.

The same lesson presents itself in the business world. In the early days of the computer business, Microsoft and Cisco formed partnerships with potential competitors such as Intel, Compaq, and Dell, and did better than Apple, which did not form partnerships. Were Microsoft, Cisco, and others simply forming a "draft line"?

Moving up the corporate ladder also has characteristics of a "draft line" Often an executive climbs the corporate ladder with selected staff. Often one corporate "draft line" replaces another.

Cooperation and competition are two important processes in economics. People cooperate when they trade with each other, and they compete when they pursue the same customer's dollars. Perhaps this does explain the rise in popularity of NASCAR. People realize that watching and studying stock car races might teach them lessons that lead to success in the business world.

ASSIGNMENT

Think about it ... are there any "draft lines" in your life? Has it ever been necessary for you to form new partnerships to achieve your goals? Which do you think is most important in achieving success – cooperation or competition? If you started up your own business, how might you both cooperate and compete with similar businesses?
