

How can value circulate without consuming the capability that creates it?

Capability Ecosystem, Value Exchange and Economics Architecture



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Start here

An ecosystem can appear productive while quietly depleting people, stewardship, trust and future capability. FCO economics therefore begins with plural value, visible burden, Conversion Capacity, reciprocity and the Renewal of the capability on which future value depends.

Hold these ideas first

- Value is plural, contextual and realised over different time horizons.
- Capability does not become value automatically; conversion needs Capacity, conditions and legitimate authority.
- Meaning and recognition never substitute for fair economic return.
- Exchange must expose burdens, risks, dependencies and delayed effects, not only benefits.
- Healthy economics sustains and renews the capability ecology rather than extracting from it.

A worked route through the architecture

Follow one contribution as capability is mobilised, converted into several forms of value, recognised and returned. Inspect where friction, concentration, unpaid burden, dependency or delayed effects change who benefits and whether the ecosystem can renew.

How to read this paper

- ORIENT: understand the public question and the architectural boundary.
- UNDERSTAND: follow the worked route, distinctions and failure conditions.
- EXPLORE: inspect the canonical structures, roles, relationships, lifecycle and controls.
- REFERENCE: use definitions, invariants, provenance and validation material for precision.

Status note. The frozen source architecture remains authoritative. These pages add orientation and explanation without silently replacing controlled definitions, decisions or accepted visuals.

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Capability Ecosystem, Value Exchange and Economics Architecture

How healthy ecosystems convert capability into legitimate value and return enough value into future capability

FROZEN CANONICAL ARCHITECTURE BASELINE Architecture review completed. Capability-Value Theory, Value Ecology, Ecosystem Health, Conversion Capacity, Commercial and Replenishment Architecture, Economics of Renewal, Transition and Inaction, and the Human Economics lens are accepted as the v1.0 canonical baseline.

Attribute	Value
Document	WP06.12 Capability Ecosystem, Value Exchange and Economics Architecture
Version	v1.0
Status	Frozen canonical architecture baseline
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Attribute	Value
Supersedes	WP06.12 v0.2 review-integrated draft
Change control	Future changes require explicit architecture review and a new version.

0. Purpose, ownership and reading guide

WP06.12 explains why capability matters, how it becomes multiple forms of value, how value moves between participants, and how sufficient value returns to sustain future capability. It defines the ecosystem constitution and the constructs required to understand health, participation, conversion, commercial sustainability and failure.

Layer	Question	Construct
Orientation	Why should the ecosystem exist?	Legitimate Need and Purpose
Constitution	What conditions enable healthy circulation?	Value Ecology
Mechanism	How does capability become value and value become future capability?	Capability-Value Loops and Conversion Capacity
Experience	Who contributes, benefits and carries burden?	Participant Value Exchange
Condition	How healthy is the ecosystem now?	Ecosystem Health Profile
Sustainability	How does enough value return?	Commercial and Replenishment Architecture
Challenge	How can the model fail or be falsified?	Failure Modes and Research Agenda

1. Canonical proposition

CANONICAL POSITION A Frontier Capability Organisation deliberately maintains healthy capability-value exchange loops that convert capability into activation and opportunity, activation into value, and value into future capability.

A healthy FCO helps the right capability meet the right need, creates real value, shares enough value to sustain legitimate participation, and leaves the ecosystem stronger through use.

The problem this architecture addresses

Organisations can become increasingly efficient at removing work without understanding the capability and judgement that work used to create. Present value can rise while the capability-value loops that create future value are weakened, hidden or externalised.

- Capability without value eventually becomes irrelevant.
- Value without capability eventually becomes unsustainable.
- Growth, recruitment and activity are not proof of health.
- Value that does not sufficiently replenish future capability consumes the system on which it depends.

2. Scope, boundary and unit of analysis

Every ecosystem assessment must declare its decision boundary. An ecosystem is not every actor who has ever interacted with an organisation.

Boundary element	Required statement
Purpose	Legitimate need or beneficiary value.
Participants	People, organisations, Communities, customers, suppliers, partners, sponsors, stewards and beneficiaries included.
Value forms	Economic and non-economic value relevant to the decision.
Flows	Activation, realisation and renewal pathways in scope.
Time horizon	Immediate, near-term, long-term or intergenerational.
Externalities	Cost or burden outside the chosen boundary.
Authority	Who may decide, challenge, fund, pause or exit.
Evidence boundary	What may be observed legitimately and what remains protected or unknown.

BOUNDARY TEST If an ecosystem appears healthy only because burdens, dependency or future costs sit outside the chosen boundary, the assessment is incomplete.

3. Capability and Value Theory

ACCEPTED WORKING HYPOTHESIS Capability is accumulated value potential. Value is realised capability potential.

This is a structural relationship, not an accounting identity. Capability holds potential to create consequence. Value is experienced when that potential interacts with real need, context and beneficiaries. Value can then return as money, time, learning, trust, opportunity, infrastructure or successor capability.

Position	Question
Capability	What demonstrable potential exists, in what context and configuration?
Activation	What real need and viable route allows capability to act?
Value	Who experiences benefit, consequence or burden?
Return	What comes back to contributors and enabling systems?
Future capability	What learning, trust, infrastructure, succession or reserve remains?

4. Value Forms and Time Horizons

Value form	Meaning
Economic	Income, revenue, margin, savings, productivity, funding and option value.
Capability	Competence, judgement, confidence, experience and renewal capacity.
Opportunity	Routes to work, projects, customers, leadership, practice and future options.
Relationship	Trust, connection, belonging, collaboration and reciprocal support.
Reputational	Credibility, recognition, influence and demonstrable contribution.
Meaning	Purpose, contribution, identity, stewardship, impact and legacy.
Intelligence	Signals, patterns, evidence, foresight and shared understanding.
Societal	Mobility, inclusion, resilience, wellbeing, public value and maintained options.

ECONOMIC REALISM Plural Value must not excuse underpayment, weak financial discipline or unmeasurable claims. Meaning and Community cannot silently substitute for fair economic return.

Horizon	Question
Immediate	What benefit or burden occurs now?
Near-term	What capability, opportunity and relationships remain after the work?
Long-term	Does the ecosystem retain resilience, renewal and strategic option value?
Intergenerational	What capability, institutions or cultural value survive for future participants?

5. Value Dynamics and Conversion Friction

Dynamic	Meaning
Creation	Capability interacting with need produces value.
Activation	Potential gains a legitimate route to act.
Realisation	An outcome or experienced benefit occurs.
Transfer	Value becomes available beyond its source.
Transformation	One value form becomes another.
Distribution	Benefit, Agency and capability spread.
Concentration	Value accumulates in fewer actors or pathways.
Return	Value flows back to contributors or enabling systems.
Replenishment	Capability, relationships, infrastructure and stewardship are restored.
Extraction	Value leaves while burden, dependency or weakness remain.

Dynamic	Meaning
Multiplication	Interaction creates more value than isolated contribution.
Dissipation	Value decays, becomes obsolete or disconnects from need.

Friction	What it blocks
Discovery	Capability and need cannot find one another.
Translation	Capability cannot be expressed in usable language.
Trust and evidence	Actors cannot rely sufficiently on claims or commitments.
Permission and governance	Actors cannot act legitimately.
Resource	Time, money, tools, data or support are missing.
Adoption	Outputs do not enter behaviour, operations or decisions.
Learning capture	Experience does not become future capability.
Return	Value does not replenish contributors or enabling systems.

6. Capability-Value Exchange Loops

THE ENGINE Capability → Activation → Value → Return and Replenishment → Future Capability

The loop is functional rather than strictly chronological. One interaction may create several value forms at once. Return may occur through another participant, and some loops may end responsibly rather than renew.

Slow down to speed up

Healthy loops protect reflection, handover, representation, mentoring and reusable asset creation. This may reduce local throughput while increasing future Conversion Capacity. Fast extraction often produces slow renewal.

LEARNING CAPTURE GAP The difference between learning generated through consequential activity and learning retained, shared and converted into future capability.

7. Value Ecology

ORIENTATION Legitimate Need and Purpose orient the ecology. Growth, membership, recruitment, internal status or revenue alone cannot prove legitimate value.

Condition	Question	Meaning
Credible Reliance	Can participants rely on the system?	Claims, commitments, standards, safeguards and remedy are dependable enough.
Legitimate Permeability	Can the right things cross the right boundaries?	People, capability, evidence, opportunity and value cross proportionate boundaries.
Activation	Can potential encounter real need?	Capability has a viable and legitimate route to act.
Value Realisation and Transfer	Does anything valuable happen where it matters?	Potential becomes experienced benefit and can move or be shared.
Return and Replenishment	Does enough come back?	Money, time, learning, relationships, infrastructure or successors replenish capacity.
Stewardship and Maintenance	Is the system being looked after?	Quality, memory, infrastructure and conditions of exchange are maintained or concluded responsibly.

ANTI-PYRAMID TEST Legitimate beneficiary value must exist independently of recruitment or continued expansion. Later participants must not primarily subsidise earlier participants.

8. Converters, Capacity and Distributed Leadership

Converter family	Purpose	Examples
Activation	Connect capability to need and a route to	Discovery, Evidence, translation,

Converter family	Purpose	Examples
	act.	relationships, sponsorship and permission.
Realisation	Turn activation into outcome and experienced value.	Fit, configuration, Agency, resources, governance, delivery and adoption.
Renewal	Turn realised value into future capability.	Reflection, learning, representation, recognition, mentoring, succession and reinvestment.

CONVERSION CAPACITY The available and sustainable ability of a system to connect capability, activation and value, and to convert realised value into future capability.

Construct	Meaning
Converter Load	Volume, variety, complexity and consequence of conversion work.
Converter Overload	Demand exceeds sustainable Conversion Capacity.
Hero Converter Syndrome	One person masks weak system capacity.
Conversion Inequality	Participants have unequal access to converters.
Conversion Redundancy	More than one legitimate route can sustain critical flows.

LEADERSHIP TEST The higher expression of FCO leadership is not becoming indispensable. It is increasing the system's ability to convert without depending on you.

9. Ecosystem Health Framework

Value Ecology defines the constitutional conditions. Ecosystem Health describes the present condition of a declared ecosystem boundary.

Dimension	Question
Connectivity	Can the right things find one another?
Convertibility	Can potential become legitimate value?
Accessibility and Agency	Can legitimate participants enter, influence, challenge and exit?
Distribution and Reciprocity	Who benefits and who carries burden?
Conversion Capacity and Stewardship	Can the system sustain the work that keeps loops moving?
Regeneration and Adaptability	Does the ecosystem become stronger through use?

Health is a profile, not a score. A dimension may be Strong, Adequate, Strained, Fragile, Blocked, Extractive or Regenerative. WP06.11 governs evidence and assurance.

10. Participant Value Exchange and External Experience

Participant	May contribute	May receive	Health test
Individual	Attention, effort, capability, delivery, ideas, mentoring and stewardship.	Capability, opportunity, income, relationships, reputation, meaning and Agency.	No hidden status game, unpaid extraction or coerced volunteering.
Organisation	Funding, work, practice environments, people, infrastructure and demand.	Outcomes, capability, resilience, intelligence and reputation.	Present value does not consume future workforce capability.
Customer	Need, economic value, evidence, context, adoption and challenge.	Outcomes, reduced uncertainty and stronger future capability.	Dependency is deliberate rather than engineered.
Supplier	Specialist capability, assets, delivery and innovation.	Revenue, learning, relationships and future opportunity.	Terms do not impose unsustainable burden or uncontrolled transfer.
Partner	Complementary capability, access, legitimacy and reach.	Mutual amplification, learning and shared outcomes.	Partnership creates more than parallel subcontracting.
Steward	Quality, memory, governance, relationships and renewal labour.	Meaning, recognition, learning, legacy and sustainable support.	Stewardship is not free or limitless.
Society	Institutions, education, infrastructure and legitimacy.	Mobility, resilience, public value and future capability.	Near-term gain does not externalise long-term cost.

EXTERNAL EXPERIENCE A strong interaction does not merely create value now. It increases participants' future ability to create value.

11. Operating and Incentive Implications

WP06.8 owns the FCO Operating Model. WP06.12 contributes value-system requirements rather than a second operating model.

Implication	Recommended posture	Safeguard
Total Football	Positions remain while participants may take different conversion roles.	Authority, professional standards and ownership stay explicit.
Career advancement	Recognise value, capability, opportunity and ecosystem strengthening appropriate to role.	No universal citizen score or popularity contest.
Base pay	Fair, transparent, market-aware and sufficient for economic security.	Meaning and mission never justify underpayment.
Variable reward	Balance current outcomes with team, capability and stewardship effects.	Do not reward claimed influence or activity counts.
Recruitment	Assess professional capability, judgement, learning velocity and relevant collaboration potential.	Do not require every person to be an extroverted connector.
Work design	Allocate Capacity for capture, mentoring and stewardship.	Do not add ecosystem labour to full delivery expectations.

12. Commercial and Replenishment Architecture

No charging model is inherently FCO-aligned. The correct model depends on uncertainty, beneficiary value, attribution confidence, risk distribution, IP, renewal obligations and time horizon.

Model	Appropriate use	Primary safeguard
Time and materials	Exploration, uncertain scope and specialist access.	Define learning, handover and dependency posture.
Fixed price	Controllable scope and defined output.	Price stewardship, discovery and learning explicitly.
Milestone or deliverable	Bounded transitions and tangible artefacts.	Include acceptance and adoption evidence.
Subscription or platform	Ongoing infrastructure, intelligence or service access.	Portability, transparency and exit.
Membership or participation	Shared resources, relationships and stewardship.	Explicit reciprocal value and anti-status capture.
Outcome-linked	Definable outcomes with credible contribution evidence.	Assurance case, floors, caps and fair risk allocation.
Gain or profit share	Joint measurable economic upside.	Protect base compensation and non-economic obligations.
Co-investment	Shared formation of assets, capability or markets.	Govern IP, option value, decisions and exit.
Hybrid	Combined delivery, capability, platform and renewal.	Make every component, risk and obligation explicit.

COMMERCIAL TEST A healthy charging model funds delivery and renewal, allocates risk fairly, remains understandable, avoids dependency as a revenue strategy and returns sufficient value to future capability.

13. Economics of Renewal, Transition and Inaction

The proposition is not that an FCO is always cheaper. Organisations already pay for capability, either deliberately through renewal investment or later through fragility, dependency, attrition, rework and reduced adaptability.

Often treated as	FCO interpretation	Economic rationale
Mentoring overhead	Capability infrastructure	Develops judgement, successors and future delivery Capacity.
Learning capture overhead	Renewal investment	Reduces repeated discovery and preserves rationale and assets.

Often treated as	FCO interpretation	Economic rationale
Community discretionary	Propagation infrastructure	Creates support, contribution, translation and opportunity routes.
Stewardship hidden labour	Ecosystem maintenance	Protects quality, trust, memory and continuity.
Succession overhead	Resilience investment	Reduces key-person risk.
Reflection delay	Future acceleration	Raises the starting point of the next loop.
Reserve capability idle cost	Strategic option value	Maintains credible response to disruption or changing need.

COST OF DOING NOTHING Doing nothing is not a zero-cost baseline. It accepts current capability consumption, external dependency, human attrition and future remediation risk.

Human economics and capability attrition

People are active participants, not passive capability assets. They judge the economic and non-economic value they receive relative to effort, risk, attention and contribution. Salary matters, alongside Agency, opportunity, development, relationships, recognition, meaning, workload and confidence in the future.

CAPABILITY VALUE WITHDRAWAL Before leaving physically, a person may withdraw initiative, discretionary effort, mentoring, sponsorship, challenge, learning and stewardship. Formal attrition is often a lagging indicator.

Signal	Possible progression	Consequence
Reduced Agency or trust	Questions, challenge and experimentation decline.	Problems remain hidden and learning slows.
Reduced opportunity	Contribution narrows to minimum role expectations.	Future capability and mobility weaken.
Low recognition or unfair return	Mentoring and stewardship reduce.	The ecosystem consumes generous contributors.
Sustained overload	Withdrawal or active job search increases.	Conversion Capacity and continuity decline.
Departure	Capability, relationships and memory leave.	Remaining people absorb more load.
Departure contagion	Visible exits validate concerns held by others.	Further withdrawal or exits may reinforce the loop.

Mobility can create healthy opportunity and renewal across ecosystems. The concern is avoidable capability flight caused by persistent extraction, weak opportunity, unfair return, low Agency or unsupported burden. Aggregate signals must never become covert inference about an individual's emotions, loyalty or intention to leave.

Transition economics

Transition is a portfolio of renewal investments, not a big-bang replacement of traditional structures. Every investment needs a defined problem, boundary, cost, expected value, proof obligation and stopping or scaling condition.

Investment	Potential return	Proof obligation
Learning capture	Reduced rework and retained wisdom.	Assets are used and decisions improve.
Community and propagation	Wider capability and opportunity creation.	Legitimate participation and reduced concentration.
Capability visibility	Faster matching of capability and need.	Activation improves without surveillance.
Activation pathways	Greater mobilisation and internal mobility.	Real opportunity, Agency and beneficiary value.
Conversion Capacity	Lower bottlenecks, overload and dependency.	Improved access, flow and continuity.
Observatory and assurance	Earlier detection of fragility and changing need.	Intelligence changes accountable decisions.
Commercial redesign	Fairer return, lower lock-in and funded renewal.	Viability for critical participants.

14. Ecosystem Failure Modes

Failure mode	Failure	Correction
Value Extraction	Value leaves with insufficient return.	Expose burden and fund economic return

Failure mode	Failure	Correction
		and renewal.
Value Concentration	Opportunity, influence or money accumulate around a few actors.	Diversify pathways and challenge converter power.
Value Blockage	Capability and need cannot connect.	Locate discovery, trust, permission, resource or adoption friction.
Value Decoupling	Capability grows without value or value without future capability.	Reframe the loop and replenishment.
Opportunity Inflation	Internal activity is labelled opportunity without beneficiary value.	Apply Legitimate Need and Purpose.
Hero Converter Syndrome	One person masks weak system capacity.	Represent context, delegate authority and develop successors.
Steward Burnout	Maintenance remains concentrated and under-resourced.	Recognise, resource, rotate and distribute stewardship.
Conversion Theatre	Activity creates little movement or value.	Trace conversion to outcome, beneficiary and renewal.
Pyramid Dynamics	Recruitment or later participants sustain earlier rewards.	Require value independent of ecosystem growth.
Meaning as Compensation	Purpose excuses underpayment or excessive voluntary labour.	Protect economic fairness.
Capability Flight	People withdraw contribution or leave because return, Agency or opportunity are insufficient.	Address underlying loop health, not only retention incentives.
Attrition Contagion	Visible exits increase doubt and load, creating further withdrawal.	Stabilise workload, rebuild trust and restore credible opportunity.
Metric Capture	Actors optimise indicators rather than the ecosystem.	Use profiles, plural evidence, challenge and measure retirement.

15. Decision Products, Falsification and Research

Decision product	Purpose
Ecosystem Boundary Statement	Defines purpose, participants, horizon, flows, authority and externalities.
Capability-Value Loop Map	Shows capability, activation, value, return and replenishment.
Participant Value Exchange Profile	Makes contribution, benefit, burden, dependency and exit visible.
Value Ecology Profile	Assesses the six constitutional conditions.
Conversion Capacity Profile	Shows converter load, friction, bottlenecks, continuity and renewal.
Ecosystem Health Profile	Assesses the six health dimensions without one score.
Commercial Sustainability Case	Explains charging, risk, IP, replenishment and dependency posture.
Ecosystem Intervention Decision	Selects connect, unblock, distribute, replenish, redesign, scale, pause or exit.

FALSIFICATION DUTY If a simpler model explains the evidence as well, if the profiles do not improve decisions, or if participation and commercial mechanisms create unacceptable extraction, WP06.12 must be revised rather than defended.

16. Cross-paper Integration

Paper	Boundary
WP06.0	Public FCO proposition, memorable problem and value case.
WP06.1	Platform services supporting connection, evidence and opportunity.
WP06.2	Rights, authority, privacy, challenge, remedy and non-extraction safeguards.
WP06.3	Canonical semantics and lineage.
WP06.4	Observatory signals, patterns, interpretation and learning.
WP06.5	Human Value, Pull, lived Agency, reciprocity and participant journeys.
WP06.6	Transition, practice, propagation, entrustment and successor formation.
WP06.7	Domain activation, Mesh relationships, contextual value and lifecycle.
WP06.8	Operating decisions, Capacity, roles, rhythms and renewal.
WP06.11	Methods, Evidence, assurance, Capability Health and decision-support discipline.

Paper	Boundary
WP06.12	Capability-value theory, Value Ecology, Ecosystem Health, Conversion Capacity, participant exchange and economics.

17. Architectural Conclusion

WP06.12 connects capability to consequence and back to the original FCO problem. It explains why capability matters economically and humanly, why activation cannot be left entirely to chance, why Value is plural but must remain commercially honest, why conversion work requires distributed leadership and sustainable Capacity, and why visible commercial success can coexist with ecosystem decline.

The paper does not argue that every interaction creates every Value form, that all capability should be distributed, that all knowledge should be free, or that organisations should abandon hierarchy, specialism, pricing or profit. It argues that the loops connecting capability, activation, value, return and future capability must be visible enough to govern, healthy enough to sustain and legitimate enough to deserve continued participation.

FINAL CANONICAL POSITION An FCO deliberately maintains healthy capability-value exchange loops so that real value is created today without consuming the capability, trust, people and institutions required for tomorrow.