

WINNING BY SHARING

A new way of working, a different way of doing business

Léon Benjamin



BUSINESS FOR GOOD making a difference, one enterprise at a time

PUBLICATION

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For my wife Kerry, and our adorable children.



Thank you

Chantal Benjamin, my brilliant sister. Bianca, my indestructible mother. Anna Pollock, my best friend. Christine & Alan Kirtley, Mable MacAteer, Paul Billinge Mark Evans, Tom Harper, Henry Smith, and Leo Rutherford, for their life saving support. My colleagues on the management team at Ecademy, Glenn Watkins, Thomas Power, Julian Bond, Andrew Widgery, Penny Power, Paul Sherman. Every member of Ecademy.com. Helen Bassett and Andrea Gutwirth for their 'final push'. Kerry Santo for showing us the way.

IN REMEMBRANCE

My twin brother, Adrian Benjamin.



These companies and individuals are *Winning by Sharing*. Without them, the publication and distribution of this book would not have been possible.

Anna Pollock, Business For Good, <u>www.businessforgood.biz</u>

Melcom Copeland, Ayanaa Consulting, Paris. <u>www.ayanaa.com</u>

John McHugh, Qmediastream, London. <u>www.qmediastream.com</u>

Chris Street, CJS Communications, Bristol. <u>www.cjscommunications.co.uk</u>

Stuart Oliver, Operations Director, IT Services company, Scotland

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Anushka Fritz, Moustique Design, London, <u>www.moustique.net</u>

Glenn Watkins, CEO Ecademy, London. <u>www.ecademy.com</u>

David Taylor, London. www.nakedleader.com

Tom Ball, The Big Picture Company, <u>www.cognac.co.uk</u>

Irene Becker, USA, <u>www.justcoachit.com</u>



Forward

During the development of this book, I sent friends, family and colleagues the first draft to read for their review. One of these is from a friend and collaborator who gave up his career in IT to become a teacher – a transition which he does not regret making. His response largely describes the purpose of this book:

"There is a lot in what I have read so far that resonates. In fact, you could say, that the reason I am no longer a corporate clone is because for years I felt exactly, as you say, that 80% of what I was doing was a complete waste of time.

I have fantasised for some time about writing a book called "My Life as a Cog" (I don't know if you get the cinematic reference) which would be an account of the empty and meaningless experiences I had working for some of the largest international companies in the world.

It is a shame that (a) I was not 10 years younger when I first met Ecademy, and (b) I was such a disaster at running my own business, otherwise a lot of what you are talking about in the book could have made a difference to my career decisions".

Consider this book as news from the front; for those who belong to upstarts, call centre agents who've lost their jobs to the Far East, the talent that is being forced out of large companies and the risk-takers among the big companies, who are willing to bet more heavily on the future than they do on the past.

"Winning by Sharing" is for anyone for whom the Internet has caused a fundamental change in attitude towards work and the realisation that a 'career' has ceased to be a feasible way to organise working life. Despite the difficult and sometimes painful transition I am still making to cope with the network economy, I now view work as an instrument of self-development and personal autonomy, and entrepreneurship not as a status symbol, but as an attitude. An attitude I think everyone is going to need.

Like many authors, I'm re-cycling other people's material and re-interpreting it based upon my personal experience, relationships and market knowledge, to tell people that there is an alternative way of working and a different way of doing business. My approach is based on Albert Szent-Györgyi's insightful dictum "Discovery consists of seeing what everybody has seen, and thinking what nobody has thought."



It's become commonplace in commerce today to apply the biological metaphor to solve or explain complex business problems, and I guess I'm no different. I've always been fascinated with chemistry. When I was eight I wanted a chemistry set and when I was nine, I wanted a bigger chemistry set. I didn't want to create explosives and blow up the garden shed, or make cheap alcoholic drinks to accompany my midnight feasts. I found the whole concept of creating something with completely different characteristics from its constituent parts totally captivating. I was particularly drawn to which elements created stable compounds and which ones created unstable compounds.

It took several years for me to realise why. During this time I read Mendel's laws of genetics, which still hold true today 140 years after his discovery; Watson and Crick's Double Helix on the discovery of DNA and by the age of sixteen was determined to become a genetic engineer. In my year out from school in 1981, I advised Prudential Bache Securities in London on which startup genetic engineering companies were the best long term investments despite the preponderance and huge budgets of the incumbent pharmaceutical companies. My 'big bet' was always Genentech that is now hugely successful. Had I the money to invest at the time, I would have been a rich man ten years ago.

I've continued to be quite adept at picking these winners, particularly in my chosen field of computing and specifically communications. Right now my big bets are on Bowstreet, a web services software vendor whose product concepts are introducing completely new business models, influenced by Don Tapscott's ground breaking book Digital Capital; and ResponseTek, whose real time customer feedback software is, for the first time, telling brands what customers really think of them - but more on this later.

It wasn't until I re-took my chemistry 'A' level, that I re-acquainted myself with the concept of valency. This is basically how it works. Elements in their purest form have one or more positive or negative charges. At an atomic level, when these elements combine to form compounds they give up electrons, absorb electrons or share electrons. The most stable compounds are created when electron sharing occurs. The light went on for me. I instantly identified with the relationship between sharing and stability in just about every facet of life and what happens when you give or take too much. I spoke at a conference in Brussels, twenty years later in early 2002 and learned that recent European research had unequivocally found that the most sustainable, non-destructive means of creating value was by sharing competencies, relationships, and intellectual capital across traditional company boundaries. In other words, the most economically productive approach to commerce was by cooperating in a more profound way than has previously been practised in business, and so I co-opted the dictum 'winning by sharing'.

Welcome to those people who recognise the changing concepts of value, from hard assets to intellectual property and relationship capital, for knowledge workers and micro-businesses who



are crucial to global economic regeneration and have realised that the career, as an institution, is in un-avoidable decline. Unfortunately, public policy is still based on the assumption that careers are the most desirable form of employment, and that they can be offered to more and more of us.



Tales of Power

Highlights

- A chasm in mind sets between corporations and entrepreneurs
- The horror of corporate transparency
- The blindness of corporate firewalls and how they stunt vision and curiosity
- Unproductive interactions are killing companies
- Online communities and networks are far more efficient than command and control organisations

The challenge with understanding the concept of winning by sharing is that it requires the thinker to let go of their reason and their natural instinct to rationalise everything. This is well illustrated by the Prisoner's Dilemma, an idea conceived to explain the mathematics of non-zero sum games. Consider a hypothetical scenario where two people have been arrested for committing a crime and are being held separately. The police interview each of them and offer a deal. The prisoner who offers evidence against the other will be freed. If neither of them accepts, they are cooperating with each other and both will only receive a small punishment because of lack of proof. Each prisoner has only two options but have a dilemma because each cannot make a good decision without knowing what the other one will do. The problem with the prisoner's dilemma is that if both prisoners were purely rational, they would never co-operate because natural selection dictates a decision that is best for you whatever the other person chooses. In this mathematical model, the only scenario in which there is net positive gain for both parties is if they both cooperate.

Unfortunately, mainstream business does not work this way despite high profile alliances and partnerships which so often breakdown. Customers aren't real people but only ARPU (Average Revenue Per Customer) on the balance sheet and the reality is that most companies adopt an



adversarial posture towards their employees, customers, partners and suppliers, despite all of their trendy PR. Corporate social responsibility programmes are mostly reactionary, devised to avoid appearing on un-eco friendly and un-ethical lists of companies that fund managers may boycott for fear of consumer backlash. Government funded organisations responsible for distributing funds for social programs to help people escape the poverty trap, start new businesses or stimulate economic activity in some way, are frankly run by naïve posh people with an identity crisis, who perpetrate the most inexcusable and insulting form of degradation.

However, new organisational forms are now emerging that are co-operating to compete, creating wealth, collaborating at blinding speed and winning by sharing. They are providing us with a sneak preview of a powerful new way of doing business that enriches work/life balance, celebrates the differences between people and their cultures, and creates an atmosphere of trust, transparency and responsibility. These new organisations are creating online clusters of deep support that are enabling us to work in completely new ways. Ways that suit the individual whilst providing even greater benefits for the organisation(s) the individual works for. Brands and big business are completely unaware and cannot understand that it's possible to be in control, without controlling.

We sell openness

We decided that our future lay in organising and managing an online community but we couldn't figure out how to monetise it. So Julian redeveloped the online platform with (free) open source technology and I became a 'chief' consultant working on assignments mostly for BT, where Thomas leveraged his relationships with senior executives at board level. Ecademy derived its revenue from consulting, books, speaking and sponsorship until it switched on its subscription model in December 2003.

Leading up to the introduction of subscriptions, Ecademy started selling Trusted Networks to brands as it continues to do today, with Regus and Microsoft as customers. Trusted Networks are



clones of Ecademy's platform, configured geographically, topically or brand specific. The first to launch was the Wi-Fi community (now Wireless) and BT was lobbied to sponsor and fund its development. The usual cycle of meetings, proposals and presentations took place, most of which aimed to educate BT on what online networks actually are, what they do and what benefits could be derived from them.

In one meeting, an executive asked the question, "What does Ecademy actually do?" Thomas answered in one short sentence, "We sell openness". The room fell silent. It was as if he'd just asked everyone to line up against the wall to be executed. At least twenty minutes of debate ensued where Thomas attempted to explain exactly what he meant. I don't have a transcript of the conversation, but it went something like this.

Execs: "What do you mean by you sell openness?"

TP: "Well, we have developed an online networking platform that enables people to search and discover each other"

Execs: "Why would they want to do that?"

TP: "Because they are micro-businesses and entrepreneurs who want to network with each other"

Execs: "Why?"

TP: "Lots of reasons. They seek contacts, business partners, customers or are socially or professionally lonely"

Execs: "So what's that got to do with us?"

TP: "A lot of our members are geeks and in particular Wi-Fi enthusiasts. So, if you're launching a nationwide service, they can help you test and promote your offering. They're also a target rich community of potential customers"

Execs: "What if they don't like the service or complain online? We don't want our brand trashed in public"

TP: "It's just as valuable to get negative feedback. Our platform will enable you to engage in a dialogue with your market. We don't permit anti-social behaviour but we do encourage free speech, honesty and openness. You would have an insight on how to change the packaging or pricing of your product based on real customers, talking back to you in real time. This could save you money"

Execs: "We're not sure we have the time to engage this way. Are there any other benefits?"





TP: "Yes, but the most valuable one is that members see in your answers not just words but a real sense that employees care and that BT is confident enough in what it stands for to allow employees to say what they want. As a result, the company's social commitment avoids sounding like every other company's trendy PR. Because we manage and organise the community, BT's lack of direct control is precisely equivalent to the depth of its real commitment."

Execs: "Interesting. And what's the ROI (return on investment) on all this?"

Cluetrain 21: "Paranoia kills conversation. That's its point. But lack of open conversation kills companies"

Even though we had all worked in large corporations and appreciated the legal, marketing and organisational implications of implementing online community, it suddenly dawned on us that the prospect of a brand engaging with its customers in a public online space was actually terrifying. We talked to brands from other sectors, and got the same reaction.

We were actually talking at cross-purposes. Our definition of value was the cultivation and nurturing of relationships and how it would enrich the customer experience, theirs was based on cash and return on investment. We had forgotten that their approach is to calculate what financial benefit they could derive first, rather than what they could contribute first in order to derive a range of benefits that we thought were obvious, like real time product feedback, product and service ideas, customer satisfaction, loyalty, and reduced churn.

Recently, a community consultant that is advising the Institute of Directors on implementing online community told us he was blown away by the openness of Ecademy's member profiles and stunned that members were prepared to have their profile crawled by search engines and readable without needing to sign up or login.

Despite BT's inertia and initial difficulty in grasping the benefits of online community it is one of only a small number of brands in the UK that has 'come out to play' and actually explore the possibilities, by evaluating, trialling and participating in online communities.



About the author

Léon Benjamin practises dialogue marketing – *the art of speaking to customers with a human voice.* His passion and domain of expertise: the Network Economy. His service: helping companies and individuals thrive in the network economy.

He was born in Freetown, Sierra Leone in 1963 to a Maltese/Italian mother, and a Sierra Leonean/Gambian father, and has lived in the United Kingdom since the age of seven. Léon has led Ecademy's community consulting practice since 2001 and has managed a number of successful online community implementations with clients including the UK government, Microsoft & BT.

Enjoyed this book?

Need an insightful speaker on the future of work? Want to understand how dialogue marketing can transform your public relations? Need to understand the impact of social software on business and society? Contact Léon Benjamin at:

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