

WINNING BY SHARING

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

Léon Benjamin

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Winning by Sharing

A Business For Good book

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For my wife Kerry, and our adorable children.



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IN REMEMBRANCE

My twin brother, Adrian Benjamin.



WALKING THE WALK

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, www.businessforgood.biz

Glenn Watkins, CEO Ecademy, London. www.ecademy.com

Melcom Copeland, Ayanaa Consulting, Paris. www.ayanaa.com

John McHugh, Qmediastream, London. www.gmediastream.com

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David Taylor, London. www.nakedleader.com

Tom Ball, The Big Picture Company, www.cognac.co.uk

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

Jennifer Kirkby, <u>www.mutualmarketing.co.uk</u>



The Big Picture

This book provides an *insight* into the profound changes ahead of us. The intention of The Big Picture is to provide a *guide* to surviving and thriving in the network economy. Big Pictures are designed to help people explain anything, to someone else, *in ten minutes*. You can use this A1 size mini-poster to explain the book to your friends, colleagues and family, or just take it to a dinner party as a conversation piece. We hope it's as thought provoking to you, as it was for us creating it.

Enjoy!



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Foreword

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 former collaborator, Louis Berk, 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.

The future of brands

Highlights

- "We can't go on to together with suspicious minds". Transparency is the only option.
- Brands must do community first, commerce second
- Markets are interactions. Smart interactions create transactions.
- Hierarchical, command and control organisation doesn't work anymore.
- Brands must become like networks to serve networks

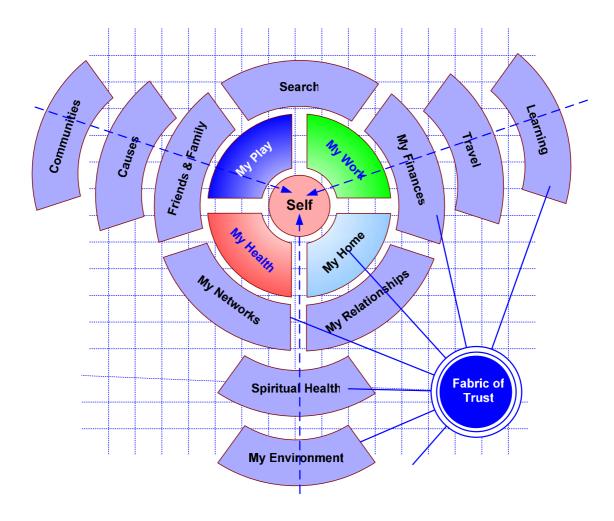
Dancing with the customer

Anna Pollock is my business partner and best friend. She has a *peerless* ability to establish logical links between theoretical concepts and practical business problems and describe them with breathtaking clarity. Anna has applied her considerable intellect to describe the future *behaviour* of organisations with respect to how they interact with their customers and suppliers in a seminal white paper called "*Dancing With The Customer*. I believe this paper defines the *actions* organisations need to take to change their *attitude* towards customers more completely than any analyst firm or industry expert. These attitude changes will describe their true personality (sincere or otherwise), and determine how they differentiate themselves in the market.

If you really think about how a customer's attention is time sliced throughout their waking lives, the conversations about "who owns the customer" we so often hear alliances and partnerships argue (and fall out) over is about as futile as debating who owns the air supply. Human



'bandwidth' is a problem today and in many ways we all live in an attention economy¹. This diagram is a visual attempt at describing the juggling act we all have to manage in our daily lives.



Imagine an animation of this diagram where each segment moves position, jostling for the individual's attention throughout the day. At any given moment in time, most of our attention is focused on three or four activities, which change according to the task we are trying to perform.

These changes are triggered by both random and ordered internal thoughts and external events.

The ease of completion of these tasks is significantly determined by the relative trust the individual assigns to the party it is interacting with. If a service provider is really honest with



itself, it only has a chance to have a chance to grab the individual's attention, or what Anna describes as "becoming part of our cycle of need".

When that window of opportunity arises, if service providers do not 'enrich the customer experience'² they will be consigned to the outer orbits of the individual's attention and perceived only as noise. Anna in many ways has stated the obvious – that we start to consume the moment we wake up. We do not need to be told to consume, we just want the task of consuming to be made easier for us.

The future of brands and service providers will be determined by how they learn to dance with their customers. With kind permission, I re-produce Anna Pollock's insightful guide to *dancing* with the customer.

"Despite enormous investments in e-commerce, regrettably much e-business appears to be failing its customers. This article delves beneath the surface and identifies four reasons why e-commerce, though huge in impact, is currently still "missing the mark" in terms of consumer satisfaction and shareholder return. We then identify five new ways of looking at the economy that we believe will foster the creative responses to this situation.

The global e-business market is forecast to reach \$240 billion by end of 2002. Yet according to a comprehensive survey conducted by AT Kearney in September 2000, e-retailers are missing out on \$6.2 billion in lost sales, equivalent to 13% in total revenue because online customers fail to complete a transaction. Last summer the Gartner Group warned that 80% of CRM deployments in Europe would likely fail and the Butler Group described CRM as "a technology graveyard, an arena where far too many well-intended projects appear to flounder on the rocks of corporate uncertainty."

Other sources corroborate a series of inadequacies in e-commerce as currently practiced: 75% of respondents abandon their shopping carts without making a purchase according to Bizrate and 80% give up according to AT Kearney.



We believe there are four root causes for the current disillusionment with matters that begin with an "e". These four causes are like the layers of an iceberg – only the top 25% is visible above the surface of the water and is attracting attention. Each layer rests upon and is supported and influenced by a layer beneath and comprise: technology and design, corporate structure, corporate culture and prevailing worldviews of life in general and business in particular.

Technology and design. The majority of articles, whitepapers and discussion groups that focus on solving the performance issue fixate on technological and design solutions. They include more sophisticated CRM technologies for customer acquisition, retention and service enhancement; site design improvements following intensive usability analyses; increased access via new devices and the adoption of integrated 360 degree approaches to deliver consistent service across multiple channels. Huge additional investments in software are anticipated. For example, the market for CRM software alone is expected to grow from \$9.4 to \$30.1 billion by 2005.

Corporate Structure. Inappropriate corporate structures - notably the "Silo Syndrome" have only recently been cited as a cause for poor customer service. Service offerings are fragmented across multiple departments (marketing, sales, production, R & D, shipping) each operating in relative isolation often having developed their own legacy applications independently of one another. Most companies organise themselves on a mechanistic model devised in the 1920's that may have been appropriate when capital and value were based on "hard" assets, such as land and resources, but simply prove too rigid for an economy where knowledge, innovation and creativity are the real determinants of success and value. The multi-divisional firm was first modelled by former General Motors President Arthur Sloan in the 1920's and hasn't been questioned until relatively recently.

In the first half of the 20th Century, it was prudent for companies to grow in size in order to reduce and control transaction costs and gain economies of scale. Only in the 70's and 80's when transaction costs started to decrease, thanks to improvements in information technology, privatisation and deregulation, did it make sense to splinter companies into smaller business



units. But size still matters and the organisational silos and associated incompatible internal management and information systems have persisted.

Business pundits such as A.T. Kearney, Tapscott & Lowry, Camrass & Farncome, and Aldrich are now urging companies to splinter even more and re-ask themselves what business they are really in?

Rather than organising around integrated business units, a company will evolve around the underlying business capabilities or core competencies. Defined by A.T. Kearney as "a set of value elements (built through knowledge, assets or processes) within the value chain that lead to a specific output".

While we agree this functional and corporate disaggregating trend is probably inevitable and will likely help improve enterprise agility and responsiveness, we also believe it will only go so far and ultimately fail if executives do not probe further and assess the corporate culture and values that drive business in the first decade of the 21st century. Hidden within the A.T. Kearney quote cited above is a perspective that, left unchallenged, will bring with it yet another slew of problems.

Corporate Culture: The organisational structure of today's corporation is informed by cultures and "ways of doing things" that may have represented brilliant breakthroughs at the time of their inception, but that have now outlived their usefulness and relevance. While the practice of marketing has increased in sophistication, it remains essentially a push activity that starts with the Product and deploys Positioning, Promotion, Pricing and Placement to push a product, service or solution to a relatively distant and passive customer.

Influenced significantly by Freud's devotees – who held a jaundiced and negative view of humans in groups – customers became objects to be manipulated, targets to be exploited or captured. Given the spate of ex-military personnel that were absorbed into commerce following two world wars, it is not surprising that military thinking has dominated the lexicon of commerce. Enterprises, like armies or battalions, compete to "capture a market" using an arsenal of



weaponry (persuasive advertising and communications) to "gain the high ground". The prizes in this war are the hearts and minds of consumers that, regrettably, are often de-humanised and objectified by the very statistical approaches used to better understand their behaviours and preferences.

Organisational structures, like armies, are hierarchical and employees, as the combat troops, are expected to obey orders (stick to the script) and are provided information on a strictly "need to know" basis. These factors have all led to a growing distance between company and customer and an inherently disrespectful, exploitive culture that treats both employees and customers as objects. Have you ever heard of FRM - Friendship Relationship Management? I doubt it.

There is considerable evidence that today's consumers are fighting back. Thanks to the ubiquity of information on the net, savvy consumers now occupy a world of near perfect information that is reducing many products and services to commodities.

Consumers are increasingly searching for meaning from experiences. not the acquisition of things. In a recent survey, acquiring material possessions was identified as important by only 38% of an adult sample compared to nurturing relationships with family and friends (98%). Our lack of time – not always money – causes us to value enterprises that appear to help us achieve our personal objectives in a world of seemingly endless choice.

Paradigm or World View: But to attempt to "fix" or address these cultural problems without understanding and revealing their source would also prove futile. The current subject-object; I win-you lose; mechanistic and exploitive culture that underpins most corporate cultures is based on a collective worldview or paradigm that is also being called into question. While much misused, the term "paradigm" is really the only term that describes something as fundamental as the way that human beings choose to make sense of their world at a given period in history. When established in our societies, paradigms are rarely discussed – in fact, they are so taken for granted, they become invisible. This was the case for medieval Europe at the time of the



Inquisition. It took brave folks such as Copernicus and Galileo to challenge the prevailing worldview and create the conditions for a different collective agreement on reality to emerge. The mechanistic paradigm that evolved and was later based on Newton's physics, Darwin's survival of the fittest and Descartes' philosophy (among others) has invisibly dominated our thinking since.

We live again at a time of shifting paradigms and to "make sense" or find meaning in the world of commerce, we need to challenge all the old, hidden assumptions about who we are and how the world really works because the old assumptions, based on old paradigms, have simply outlived their usefulness. Enough of us are challenging them, to cause them to become visible again. The culture and practice of today's commerce is based on a worldview that views the universe as a machine, operating according to linear laws of cause and effect. The language of commerce is loaded with mechanical, engineering terms drawn from a love affair with locomotives, cars and airplanes. Companies and economies are viewed as machines that can be "kick-started", "got back on track", re-engineered and fine-tuned in order to wrest ever-higher productivity from employees and profit margins from customers. Back in the 1920's, Frederick Taylor, whose landmark work, 'The Principles of Scientific Management' guided Henry Ford, drew his ideas on efficiency of organisations from Newtonian not quantum physics. Workers, he said, were to be viewed as passive units of production and the system or the workplace was like a machine. Old cultures die hard – old paradigms die even harder!

So if e-business is not fulfilling its promise, if customers are in revolt, if CRM isn't working how it's supposed to, then it makes little sense to be tinkering with existing technologies. It also makes little sense to tackle corporate structure, if the cultures on which such structures rest are also being shaken from beneath. Furthermore, it may not be prudent to change cultures unless you can harness the underlying forces on which core assumptions about value and meaning are founded.

On the surface of things, the tourism industry seems to be in crisis but hidden within the dangers are tremendous opportunities for those who think creatively, strategically and innovatively.



Finding those hidden opportunities involves a complete change in perspective. We think there are five different ways of looking at the market that will bear the richest harvest of opportunity in tomorrow's economy.

The first and most important shift in perspective involves moving from a product centric to a customer centric perspective. The shift in power from seller to buyer is not just attention to service quality and consistency at unprecedented levels, but reversing the traditional way of conducting business.

Practicing "customer centricity" means far more than personalising a newsletter – it means ensuring that every aspect of an enterprise is devoted to helping a customer complete the task they consider to be important to them at any given time. It means rewarding not penalising your employees when they go the extra mile. It means being able to offer seamless service via multiple points of contact (print, call centre, web site, wireless device, TV, kiosk) and at every stage in the customer's experience from dreaming, researching, selecting, reserving, experiencing, reflecting and recommending.

The second shift requires that you start thinking in wholes and not in pieces. If ever there was an industry that needed to re-think its approach to the customer's experience, it's tourism. Our customers don't buy products; they have highly subjective and composite experiences (the trip) made up of various discrete fragments (the hotel experience, the airline experience, the taxi ride, the sports match, the night on the town) all of which are delivered by independent suppliers. Prior to buying something, most customers start with a vague declaration of intent, for example: "I need a break"; "I have to move house"; "I need to plan for retirement"; " I need to educate my children". As soon as a customer declares an intent, he or she embarks on a cycle of need that involves searching for alternatives, comparing, selecting, purchasing, assembling, experiencing and evaluating. Successful companies of the future will be the ones who stop pushing products and start collaborating to support the customer through their cycle of need.



We call the process of engagement between suppliers and customers Dancing with the Customer as we believe all commercial activities in the future will need to be calibrated and choreographed in a "cycle of service" that supports the customer's "cycle of need".

Note: this cycle of service is event and profile driven – the customer calls the shots and takes the lead. The dance requires a two-way dialogue not only between supplier and customer but also between multiple suppliers who share responsibility for helping customers achieve their original intent.

Thirdly, we see a need to think small, agile and fast, not big, rigid and slow. The travel industry has blindly followed the rest of the business community and assumed that strength lay in bigness. Tour operators purchased travel agencies to control the sale and then started buying cruise lines, airlines, bus companies, hotel chains and golf resorts in order to control supply. While vertical integration might have been the best way to reduce transaction costs at the start of the Century, it is an irrelevant and downright dangerous response one hundred years later when speed, responsiveness and innovation will determine success.

And here's an interesting irony – while big businesses in other sectors are busy "unbundling" and focusing on their core competencies in order to form collaborative trading communities, the tourism industry – whose fragmentation is its core characteristic-- is still pursuing outmoded business models associated with an industrial age and the production of tangible goods and services. In the old economy, enterprises strived for production efficiencies. In today's economy, innovation is the driver of success. Value is created by brain not brawn. Knowledge and intelligence are infused throughout all products and services.

So winning enterprises are those that conceive of themselves as inter-connected business webs or trading communities held together by a common customer. The customer sits at the centre of an orbit not at the end of a chain. Winning enterprises are those with the most "intelligence" – i.e. are able to sense and respond to visitor needs in real time. They are able to exchange and



circulate this intelligence to all members of the community so that the visitor's whole experience is a positive one.

Which leads to the fourth response or source of opportunity, and that's learning the art of effective collaboration and relationship building. If you as an individual supplier focus on the one element of the customer's total experience that you do really well, yet your success depends on how the guest experiences the whole, then you simply cannot "go it alone". You have a vested interested in how other suppliers in the network look after your customer!

To survive in the networked economy, companies are learning that they must collaborate with their customers and other businesses in the design, development and delivery of a complete basket of goods and services if they expect to satisfy customer needs.

For collaboration to work effectively, all parties involved must receive something they value. Furthermore they need to engage in dialogue – i.e., engage in meaningful two-way conversations, share knowledge and ideas.

They need to trust one another and that requires higher standards of honesty and transparency than needed before. It's a whole new ball game of experimentation and of giving up control – learning the art of allowing; creating the conditions for innovative solutions to emerge – often from the most unlikely sources.

The fifth dangerous opportunity involves investing in the technical infrastructure that makes collaboration possible, that allows your customers to pull towards them the services they need that match their context, circumstances and profile; that frees your employees from the time consuming and repetitive drudgery that distracts them from the art of caring; and that supports dialogue and knowledge sharing. The key word here is open up, connect and automate. Allow machines to do the boring stuff, quietly and in the background. If good staff are hard to find and keep today, the staffing problem is going to be ten times worse in just a few years as the true impact of an aging population is felt in Europe. At DestiCorp, we believe that "web services" and



the associated features of distributed, peer-to-peer, service-oriented architectures will really come into their own because there is no other method whereby customers' demands for choice, flexibility, personalisation, affordability and accessibility can be met profitably.

In today's customer-centric economy, customers should be able to pull towards them the information and services they need that are specific and relevant to their needs, their profile and their context. Winning suppliers will be those who deliver relevant, appropriate and timely services to facilitate those needs. Winning suppliers will also recognise that they cannot go it alone – their best chance of success lies in collaborating with suppliers of complimentary services and forming a supply community to satisfy the diverse and complex needs of today's travellers. Or to quote Reed, "The most successful businesses on the Internet will be those that hunt in packs" and instead of there being a simple scramble by individual companies for market share it will be more about serving the customer with a complex orchestration of trading communities for share of experience."

Even though Anna discusses dancing with the customer in a tourism context, the same principles apply to other industries and business ecosystems. The global tourism industry is worth \$2.7 trillion annually and over 95% of the tourism providers are small businesses. It's the most fragmented industry in the world. Every brand will have to face this type of fragmentation as work patterns change and more and more people run small businesses and work within online networks and communities of practice. Many brands don't realise that behind their consumers are micro-businesses and behind micro-businesses there are consumers but insist on having separate marketing budgets and teams to sell to them.



REFERENCES

by Thomas H. Davenport, John C. Beck

¹ The Attention Economy : Understanding the New Currency of Business

² See the Experience Economy, B. Joseph Pine II and James H. Gilmore