



## Extreme Competition

**Peter Fingar**  
Executive Partner  
Greystone Group

[pfingar@acm.org](mailto:pfingar@acm.org)

Latest book:  
*Dot.Cloud: The 21<sup>st</sup>  
Century Business Platform*  
Meghan-Kiffer Press, 2009.  
[www.mkpress.com](http://www.mkpress.com)

## Social Networks, Innovation and the MITH Myth

*This column is adapted from a working draft of the book Enterprise Cloud Computing by Andy Mulholland, Jon Pyke and Peter Fingar ([www.mkpress.com/ecc](http://www.mkpress.com/ecc)).*

“Everything is up for grabs. Everything will change. There is a magnificent sweep of intellectual landscape right in front of us. The network is the computer – yes; but we’re less interested in computers all the time. The real topic in astronomy is the cosmos, not telescopes. The real topic in computing is the Cybersphere, not the computers we use as telescopes and tuners.”

—Yale Professor David Gelernter, *The Second Coming*, 2000.

---

Okay, I won’t re-explain what you already know – innovation, not land, labor and capital, is now the secret sauce of competitive advantage.

“Modern economies,” *The Economist* recently noted, “are not built with capital or labor as much as by ideas.” By some estimates nearly half America’s gross domestic product is based on intellectual property. As the knowledge economy rapidly morphs into the creative economy, it’s becoming more urgent than ever to understand creativity, especially those leaps that change the very nature of the game.

Of course, those leaps that change the game are what companies desperately seek in the creative economy. Leading companies are turning to Social Networks to tap new sources of creativity. Yet others view Social Networks as some newfangled time waster and a distraction. Social Networks aren’t new, and here’s perhaps what your boss thinks of them, a digital Woodstock:



What's new is the growing hyper-connectivity brought to us by the Internet and an emerging class of social software platforms. Social software enables people to rendezvous, connect, or collaborate through computer-mediated communication and to form online communities. But what's this got to do with information technology and business?

Before we can properly discuss the changing role of information technology in business, we need to set the context of what's happening in the larger world *outside* business, what's happening in our hyper-connected society as a result of dramatic advances brought about by the Internet. The bottom line...?

It's not about the real-time enterprise;  
it's about the real-time society  
where people and events constantly interact and organize  
their personal and community ecosystems.

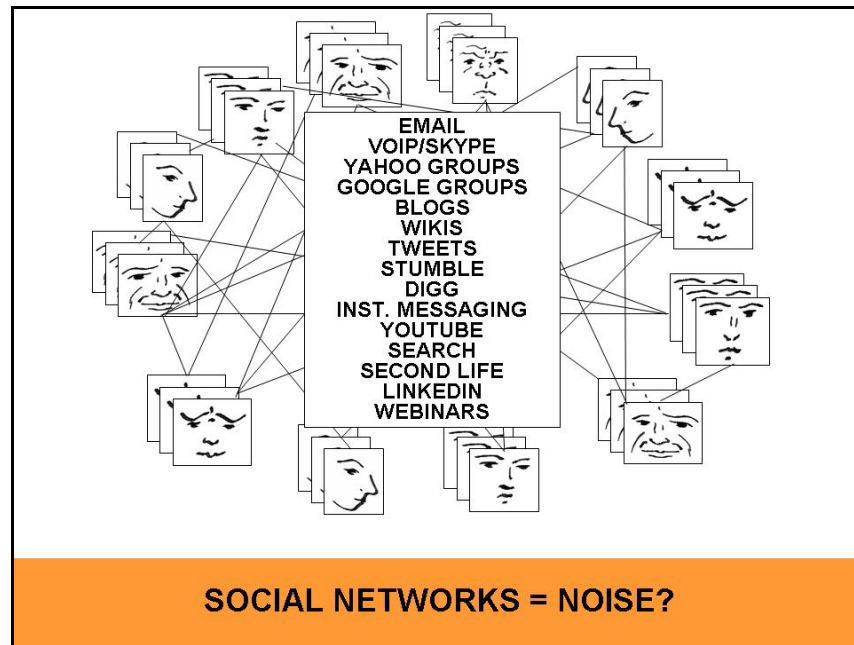
Yochai Benkler, author of *The Wealth of Networks*,<sup>1</sup> makes an interesting observation, "That the Internet is changing society is understood. Less appreciated is how society is changing the Internet. But indeed people are becoming *the* resource, even more powerful than CPU cycles and database resources."

We don't connect to the Web  
just to connect to data and facts;  
we connect to connect with people and  
both the content and context they provide.  
This means that soon,  
the technology will simply disappear from the mind's eye –  
and YOU are the Web! YOU are the Cloud!

Personal and collective expertise is at a premium for living successfully, and more and more we are all forced to compete online for our roles at work and in society. Furthermore, we are witnessing the transition of the notion of "intelligence" from "knowledge" to "knowing."

Traditional business intelligence (BI) has really meant internal intelligence on how well the enterprise is performing against the targets it has set for itself. But the real challenge is how to gain external intelligence about current opportunities in order to make quality business decisions and boost performance. But gaining external intelligence is not so easy when you try to break it

down into practical steps. After all, we don't know what we don't know, so we have no way of knowing how complete a picture we are using to inform our decisions. Additionally, the abundance of social media is creating an overabundance of noise. So, of course, your boss is not the least bit interested in having employees take up such time wasters.



- Did you know... there are over 300 million registered users on Facebook? If Facebook were a country, it would be the 4th largest in the world (between the U.S.A. and Indonesia).
- Did you know... in 2006 there were 2.8 billion Google searches each month? Now there are 31 billion. Who did we ask B.G. (Before Google)?
- Did you know... it's easier than ever to reach a large audience, but harder than ever to really "connect" with it?"

So there you have it in a nutshell. Social Networking is a two-edged sword: A real time waster *and* a new source of business intelligence. Because *it's easier than ever to reach a large audience, but harder than ever to really connect with it*, companies will have to think long and hard about Social Networking if they are to gain the potential benefits. Let's take a quick peek at two aspects:

- Social Networks as a Place Where Work Gets Done, and
- Social Networks as a Place Where Innovation Gets Done.

### Social Networks as a Place Where Work Gets Done

Think "*prosumer*" and the co-production of value (producer–consumer). The role of producers and consumers begin to blur and merge in Social Networks that drive communities with special interests. In a July 2009 *Business Week* article, Innovation Editor Reena Jena explained, "It's hard to get tangible results from social media. Giants, from Coca-Cola to Wal-Mart Stores, have set up Web sites where customers can share their interest in the brand. But many of these sites don't attract enough visitors to form a real community or have been slammed by critics, as was the case at [schoolyourway.walmart.com](http://schoolyourway.walmart.com). The retailer killed it in 2006 after just three months.

"Unlike many other companies, however, Intuit seems to have figured out a way to benefit from social media. Its insight: Rather than inviting the whole world, the accounting software maker funnels only diehard users of QuickBooks to a site where they can exchange truly helpful

information. For customers, that means quicker answers to problems. For the company, this volunteer army means less need for paid technicians. ‘What Intuit is doing is cutting-edge,’ says Mikolaj J. Piskorski, a strategy professor at Harvard Business School.

“Intuit’s QuickBooks Live Community is accessible automatically to anyone who opens QuickBooks 2009 on a PC or Mac. The site is similar to macrumors.com or macfixit.com – independent forums where Apple fans can trade tips – except that it’s owned and monitored by the company.

“Intuit chose this ‘narrowcast’ approach after Chief Executive Brad Smith heard what was going on at the Web site of Intuit’s popular TurboTax product. Customers were not only asking technical questions, they were often outshining Intuit’s own tech support staff by answering 40% of the queries themselves.

“Since the latest edition of QuickBooks went on sale last October, traffic on its channel has tripled. At any time, 70% of customer service questions are answered by other QuickBooks owners, says Scott K. Wilder, who oversees the social network. Michelle L. Long of Lee’s Summit, Missouri, is often on the site. The 45-year-old accountant has posted more than 5,600 answers.

“The social aspect of the program seems to have helped sales. The Mountain View (California) company has sold 1 million units of QuickBooks at \$200 apiece, boosting the software’s market share by 4 points, to 94%. All that free tech support is saving Intuit money as well. Wilder points out that since Intuit’s community outreach began, ‘the number of calls to our customer service lines has been reduced. We don’t give out numbers, but there have been cost savings.’”<sup>iii</sup>

In response to Jena’s article, one reader, Paul, added a valuable insight, “Ingenious in the sense that the only people that can contribute are those that really have had actual exposure to and have used the product first hand. By inviting the public to a truly open forum where the advice may or may not apply, a company can hurt its reputation or that of its product if customers continuously subject themselves to incorrect or inconsistent tips and advice.” Mob-rule constructionism must be carefully managed, especially considering that the sockpuppets of your competitors will be ready to pounce. A sockpuppet is an online identity used for purposes of deception within an online community, where a member of an Internet community speaks with or about himself or herself, pretending to be a different person, like a ventriloquist manipulating a hand puppet.

Carefully designed and managed, the Social Web can be more than a place where two-way dialogues happen. Moreover, it can also be the place where work gets done and your *cloudsourced* customers become your customer service representatives – your call-center in the sky, with world-sourced experts and little or no cost. Oh, did I mention selling to niche markets in the long tail, product testing and introducing new market offerings?

### Social Networks as a Place Where Innovation Gets Done

Many people attribute great creative achievement to *genius*, whatever that really means. Genius is often perceived as the thinking that goes on inside the heads of people like Edison and Newton, or, in modern times, the likes of Apple’s Steve Jobs. Unfortunately, mainstream psychology hasn’t been able to throw much light on what genius actually is. However, a new paradigm is emerging that directly challenges a major assumption of most current theories of creative thinking, namely that the intelligence that drives it is located exclusively inside the head (the Mind-Inside-the-Head [MITH] model).

The ability to manipulate information outside the body  
is a mark of mankind.  
But there’s more to it than just manipulating information.

Humans are intensely social creatures  
that crave social interactions – just consider  
the harshest of punishments, solitary confinement.

Leading philosophers and mind/brain scientists like Daniel Dennett and Andy Clark argue that, contrary to both the academic and commonsense view, *the mind extends out into the world*. As Clark succinctly puts it, “We use intelligence to structure our environment so we can succeed with less intelligence. Our brains make the world smart so we ourselves can be dumb in peace.” Once we recognize the existence of external sources of intelligence, we can begin to conceive of creative thinking in a radically new way. Put briefly, creative breakthroughs typically occur when we successfully transfer part of the intelligence embedded in our smart world from one domain to another. What Clark means is that we rely on all kinds of tools (slide rules), cultural artifacts (the Arabic number system), easy to use knowledge-embedded objects (maps), and so forth, to help lighten the computational load on our minds. Which brings us to the subject of *hotspots* in the networked idea-spaces of the extended mind and the “strength of weak ties.”

“The strength of weak ties” is the term coined in 1973 by Mark Granovetter in what many now regard as a seminal work defining “social” collaboration. Strong ties represent the people you are closest to: coworkers, nuclear family, friends and so on. Weak ties are connections to people that you may occasionally come across: a friend’s friend or online communities that share special interests outside of your ordinary interests. Granovetter argues that strong social ties are good for exerting power, but because they contain a lot of redundant information they are almost useless for gaining *fresh* information, new perspectives and insights – the raw materials for innovation. In contrast, weak ties contain much less redundant information and are often more important for gaining fresh information, connecting *new* dots and thinking outside your own box.

The interactions with previous IT collaboration tools have focused on “strong ties,” building the capabilities for relationships between known people around known topics in a manner that provides a structure to deliver value. This remains an important aspect of workflow, but if we consider the emerging social networks, then it’s clear that something different, something unstructured, something unknown is needed to bring new value to the table. As reported by Patty Azzarello, former general manager at HP, “A large network of ‘weak connections’ is more valuable than a small network of close connections. And it is not just a matter of the numbers. The people you are close to are not always very useful to help you because they tend to be in the same environments, know the same people, and think similarly to you. Whereas your ‘weak connections’ have access to different stuff, people, places and things.”<sup>iv</sup>

Is enabling us to feel that we are “in the know” the secret of Twitter’s success? And can this experience be replicated across an enterprise through social networking tools?

Can we progress from what we think of as traditional pre-ordained “knowledge” to “knowing?” This shift is a fundamental supporting concept for business intelligence in the Internet age.

The notion of knowledge versus knowing has been aired in a number of different ways, ranging from spiritual issues to the sciences, as discussed in an interesting book, *Knowing Knowledge*, by George Siemens. In an informative review of the book, Marjorie Desgrosseilliers writes, “According to Siemens, knowing and learning take place much the same way today. Knowledge is born through building concept upon concept, mixed with pieces taken from various, and often chaotic, sources. Knowledge comes and is defined through connections not necessarily aligned in a pre-defined, linear format. Knowledge is no longer shaped by categorization and disseminated through hierarchies.”

## Getting There

Okay, having read this dialog so far, you are now determined to set up a company blog and wiki so your customers can do your customer support work for you. And now that you have dispensed with the MITH myth, you'll open a Facebook account, get LinkedIn, create your avatar in Second Life and start Tweeting so you can tap the flow of *information-spaces* far and wide to do your innovation thinking for you.

Yea, right!

Your boss just might be right about a lot of this Social Networking stuff – it's a crock.

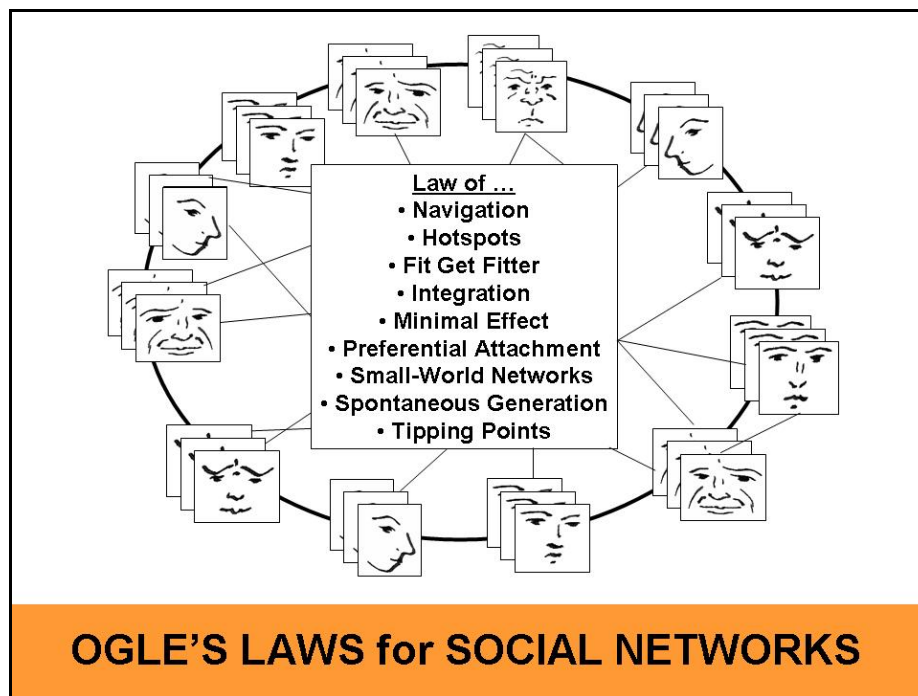
Besides, we're in a recession the likes of which no one under the age of 75 has seen. We've got real work to do just to keep our heads above water. So, okay, tell your boss you agree he or she is right that this social networking stuff is indeed a crock.

*But beware – two rights can make a wrong.*

It's wrong to think the dramatic and unexpected changes we are experiencing in today's world will somehow fade away and we'll return to business as usual. There's no going back to the good ole days. Innovate or fade away. It's time to tap the power of weak ties as a catalyst for innovation.

But wait! Where's the "operating manual" for Social Networking?

Well, there isn't one just yet, no best practices. But rather than flailing away, new works are beginning to appear. For example, Richard Ogle's *Smart World: Breakthrough Creativity and the New Science of Ideas* provides several "laws" for coming to grips with Social Networks. Although *Smart World* tends to be a theory-based, academic look at the subject, it contains some fairly deep insights and proffers Ogle's laws for Social Networks. Check out the excerpts at: [tinyurl.com/yjjb4zm](http://tinyurl.com/yjjb4zm)



## Where is Getting There Getting Us?

Let me repeat some comments from the opening. “Before we can properly discuss the changing role of information technology in business, we need to set the context of what’s happening in the larger world *outside* business, what’s happening in our hyper-connected society as a result of dramatic advances brought about by the Internet.”

As Aronica and Ramdoo exclaim in their book, *The World is Flat?* ([www.mkpress.com/flat](http://www.mkpress.com/flat)), “Globalization is the greatest reorganization of the world since the Industrial Revolution.”

Globalization is far more than multinational corporations going to the ends of the earth for cheap labor. Jeremy Rifkin likens the emerging trend in globalization to the *Third Industrial Revolution*, and it starts with society itself. So here are some snippets from Rifkin, and *keep in mind that as society goes, so goes business and commerce*.

At the dawn of the modern market economy and the nation-state era, the philosophers of the Enlightenment argued that human beings are autonomous agents, and are detached, rational, and driven by material self-interest and utilitarian pursuits.

But, is that who we really are?

If so, then how do we explain the empathic response to natural disasters like the one that occurred in Haiti in January 2010? Perhaps our ideas about human nature merely reflect the operating assumptions of the modern market economy and provide those in power with an easy way to justify and explain the suffering inflicted on others, writing it off as a reflection of our species’ aggressive, predatory, and selfish behavior.

The pivotal turning points in human consciousness occur when new energy regimes converge with new communications revolutions, creating new economic eras.

The new communications revolutions become the command and control mechanisms for structuring, organizing, and managing more complex civilizations that the new energy regimes make possible. For example, in the early modern age, print communication became the means to organize and manage the technologies, organizations, and infrastructure of the coal, steam, and rail revolution. It would have been impossible to administer the first industrial revolution using script and codex.

Communication revolutions not only manage new, more complex energy regimes, but also change human consciousness in the process. Forager/hunter societies relied on oral communications, and their consciousness was mythologically constructed. The great hydraulic agricultural civilizations were, for the most part, organized around script communication and steeped in theological consciousness. The first industrial revolution of the 19th century was managed by print communication, and ushered in ideological consciousness. Electronic communication became the command and control mechanism for arranging the second industrial revolution in the 20th century and spawned psychological consciousness.

Each more sophisticated communication revolution brings together more diverse people in increasingly more expansive and varied social networks. Oral communication has only limited temporal and spatial reach while script, print, and electronic communications each extend the range and depth of human social interaction.

By extending the central nervous system of each individual and the society as a whole, communication revolutions provide an evermore inclusive playing field for empathy to mature, and consciousness to expand. For example, during the period of the great hydraulic agricultural civilizations, characterized by script and theological consciousness, empathic sensitivity broadened from tribal blood ties to associational ties based on common religious affiliation. Jews

came to empathize with Jews, Christians with Christians, Muslims with Muslims, etc. In the first industrial revolution, characterized by print and ideological consciousness, empathic sensibility extended to national borders, with Americans empathizing with Americans, Germans with Germans, Japanese with Japanese, and so on. In the second industrial revolution, characterized by electronic communication and psychological consciousness, individuals began to identify with like-minded others.

Today, we are on the cusp of another historic convergence of energy and communication – a third industrial revolution – that could extend empathic sensibility to the biosphere itself and to all of life on Earth. The distributed Internet revolution is coming together with distributed renewable energies, making possible a sustainable, post-carbon economy that is both globally connected and locally managed.

Today, distributed information and communication technologies are bringing together the entire human race in an extended family. Is it so difficult, then, to imagine a leap to biosphere consciousness and the extension of empathy to our species as a whole and to the other creatures that cohabit this planet with us?

Schoolchildren everywhere are learning that their everyday behavior – the food they eat, the electricity they use, the family car they ride in, and myriad other consumer habits – intimately affect the wellbeing of every other human being and every other creature on Earth. This is the emergence of biosphere consciousness and the beginning of the next stage of our evolutionary journey.

Now we need to prepare the groundwork for an empathic civilization that is compatible with our core nature. This will require a rethinking of parenting styles, reforming our educational system, reinventing our business models, and transforming our governing institutions so that the way we live our lives is attuned to and, in accord with, our fundamentally empathic nature.

Lest we think this is an impossible task, consider again the global empathic outpouring for the victims of the Haitian earthquake. Then ask why we can't harness that same global empathic embrace, not only to rescue victims of natural disasters, but also to raise generations of empathic global citizens who can live together in relative peace and harmony in a biosphere world.

[Read more here: <http://tinyurl.com/y8epkld> and here: <http://tinyurl.com/yew9cgv>

When the Industrial Revolution took hold in the U.S.A., farmers railed against the railroads for building steel highways through their pastures, disrupting the natural rhythms of their cattle. Now that we are entering Rifkin's Third Industrial Age, Social Networks are disrupting the natural rhythms of our current hydrocarbon economy. We have crossed the threshold to an uncertain future, and those that will tune into the 37 signals\* of the Social Network just may find the future of intelligent business.

I plan to continue this discussion and would like to include your thoughts and feedback.

Also, my coauthors and I are on the home stretch with *Enterprise Cloud Computing*, and we are seeking more case studies on enterprise-class adoption and experiences.

Please send feedback and case studies to: [pfigar@acm.org](mailto:pfigar@acm.org). [www.peterfingar.com](http://www.peterfingar.com).

\* Search for Extra-Terrestrial Intelligence (SETI) is the collective name for a number of activities people undertake to search for extraterrestrial life. Mankind constantly analyzes radio waves from outer space in the search for extraterrestrial intelligence. Since this analysis started, almost all of the signal sources have been identified. 37 signals, however, remain unexplained.

<sup>i</sup> [http://www.amazon.com/gp/product/product-description/0300125771/ref=dp\\_proddesc\\_0?ie=UTF8&n=283155&s=books](http://www.amazon.com/gp/product/product-description/0300125771/ref=dp_proddesc_0?ie=UTF8&n=283155&s=books)

<sup>ii</sup> <http://www.youtube.com/watch?v=cL9Wu2kWwSY>

<sup>iii</sup> [http://www.businessweek.com/magazine/content/09\\_28/b4139066365300.htm](http://www.businessweek.com/magazine/content/09_28/b4139066365300.htm)

<sup>iv</sup> [http://www.cioupdate.com/career/article.php/11048\\_3778986\\_2/The-Power-of-Weak-Connections.htm](http://www.cioupdate.com/career/article.php/11048_3778986_2/The-Power-of-Weak-Connections.htm)