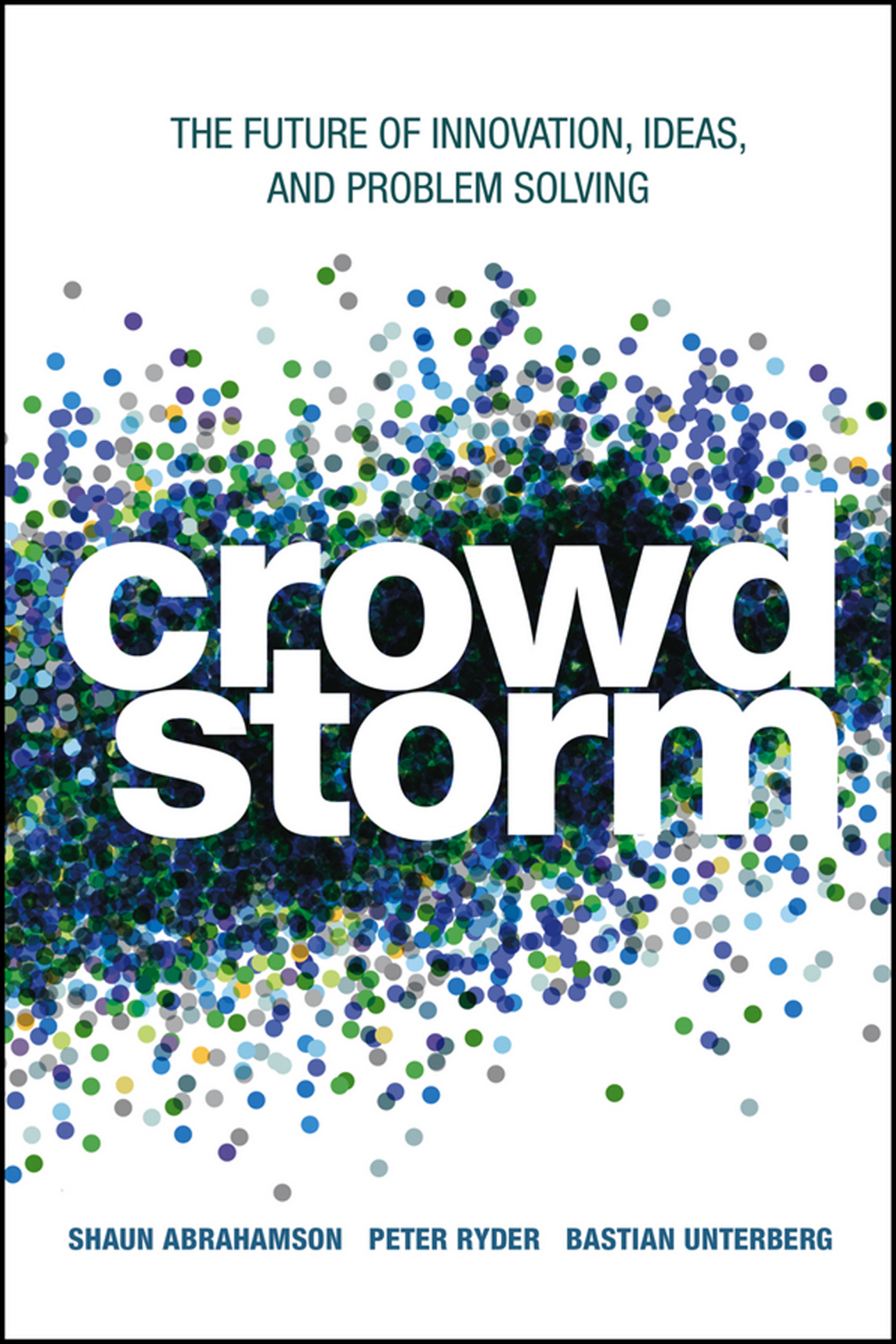


THE FUTURE OF INNOVATION, IDEAS,
AND PROBLEM SOLVING



crowd storm

SHAUN ABRAHAMSON PETER RYDER BASTIAN UNTERBERG

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Cover image: Lawrence Azerrad for LADdesign
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Figures designed by Benjamin Nick.

Published by John Wiley & Sons, Inc., Hoboken, New Jersey.
Published simultaneously in Canada.

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Library of Congress Cataloging-in-Publication Data

Abrahamson, Shaun, 1973-

Crowdstorm: The Future of Innovation, Ideas, and Problem Solving/Shawn Abrahamson, Peter Ryder, Bastian Unterberg.
Includes bibliographical references and index.

ISBN: 978-1-118-43320-1 (cloth)

ISBN: 978-1-118-57024-1 (ebk)

ISBN: 978-1-118-57038-8 (ebk)

ISBN: 978-1-118-57037-1 (ebk)

1. Business enterprises—Technological innovations. 2. Creative ability in business.
3. New products—Decision making. 4. Communities. I. Ryder, Peter, 1954-
II. Unterberg, Bastian, 1978- III. Title.

HD45

658.4—dc23

2012046752

Printed in the United States of America

10 9 8 7 6 5 4 3 2 1

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INTRODUCTION

*Properly organized and run, a group
can be a gold-mine of ideas.*

—Alex Osborn

Alex Osborn loved ideas. His ideas helped to propel his advertising agency, BBDO, to become one of the most innovative advertising firms in the United States. In 1948, he revealed the secret to a process for coming up with new ideas and innovations in his book, *Your Creative Power: How to Use Your Imagination*.¹

One of the chapters, “How to Organize a Squad to Create Ideas,” introduced a process for soliciting many ideas from groups of people. Osborn called the process *brainstorming*. He described how BBDO used the process to generate more and better ideas. These ideas were at the heart of the advertising agencies’ success. Many decades later, brainstorming is as popular as ever. Need new marketing ideas? Engineering problem not solved? Wondering how to win that new deal? No matter the industry or domain, you have likely participated in brainstorming sessions.

Since its introduction, the brainstorming process has been the subject of various studies and critiques, and the process has evolved. For example, Osborn believed that people should delay feedback—people were encouraged to accept all ideas. However, research suggests that debating ideas can yield better quality ideas. Similarly, while Osborn focused on everyone generating ideas together, research suggests that we are better off producing ideas independently, before getting together.²

While Osborn made brainstorming famous, he also introduced another idea that was much less practical at the time. Following his

discussion of brainstorming, he talked about *idea-thinking on a larger scale*. He described processes that were enabling organizations to accept ideas from all of their employees. Building on the highly acclaimed *suggestion systems* developed at US production plants during World War II, Osborn showed how his firm was taking brainstorming to the next level. He showed how hundreds of his employees were using suggestion systems to get the best ideas from anywhere in his firm.

Half a century after Osborn introduced us to brainstorming, the Internet transformed our ability to gather ideas on a large scale. First, e-mail replaced the paper and wooden suggestions boxes. And now, applications are speeding the collection and evaluation of ideas on a scale that lets us take Osborn's ideas to a new level. Organizations in countless industries have successfully turned to very large groups for their ideas. These online crowds might work within large organizations, but more often participants are not employees. To date, these crowds have worked together to design new products, improve services, create new marketing campaigns, and bring to market low-carbon-footprint housing—to name just a few of the many areas. This is brainstorming on a much larger scale.

We call this *crowdstorming*.

Like brainstorming before it, crowdstorming requires that we understand how best to organize the process for gathering and evaluating ideas. There are many parts of the process under investigation. This book is intended to explore and highlight the best ways we know to make crowdstorms work. Our approach builds on our combined experience with more than 200 projects and working with over 100,000 individual participants from around the globe in domains spanning marketing, strategy, design, engineering, and architecture. We have also studied hundreds of projects from other domains and talked with some of their organizers. And we have consulted a rapidly growing body of research across a wide array of disciplines—from social science to human computer interaction—that cover the many different dimensions of crowdstorm processes.

We have seen the many ways that organizations can innovate by working with external talent:

- *Fortune 500 companies* that are reinventing their product lines or bringing new offerings to market can benefit from the steps we outline.
- *Small and mid-size companies* can use crowdstorming processes to greatly increase their access to global talent in a number of domains.
- *Nonprofits and governmental agencies* can leverage the processes and tools we discuss to tackle broad social change initiatives and create awareness around these issues.
- *Professional organizations*, such as consultancies and advertising agencies, can benefit from many of the ideas to enhance their current capabilities—and connect their global talent pools in more effective ways.
- *Universities* looking to create new virtual studio environments can also apply the material in the book—recapturing the studio environment in an online world where individuals regularly share and review work.

To highlight the potential value of the processes, we have included examples spanning industries and business functions, from startups creating consumer products to a Fortune 500 company's global energy business.

HOW TO READ THIS BOOK

For the reader who is beginning to explore the potential of working with talent outside his or her organization, we recommend reading Chapter 1: First, Some Context. We offer an overview of what organizations are doing with outside talent—from crowdsourcing to collaborative consumption. We focus on the benefits of outside talent, crowds, and communities and we explain where crowdstorming fits in a quickly expanding universe of crowd-enabled business processes.

For those who have worked with crowdsourcing, open innovation, cocreation, or mass collaboration, the benefits are likely already familiar. For you, we've broken the crowdstorming lifecycle down to highlight the best approaches to planning, organizing, and executing crowdstorming projects.

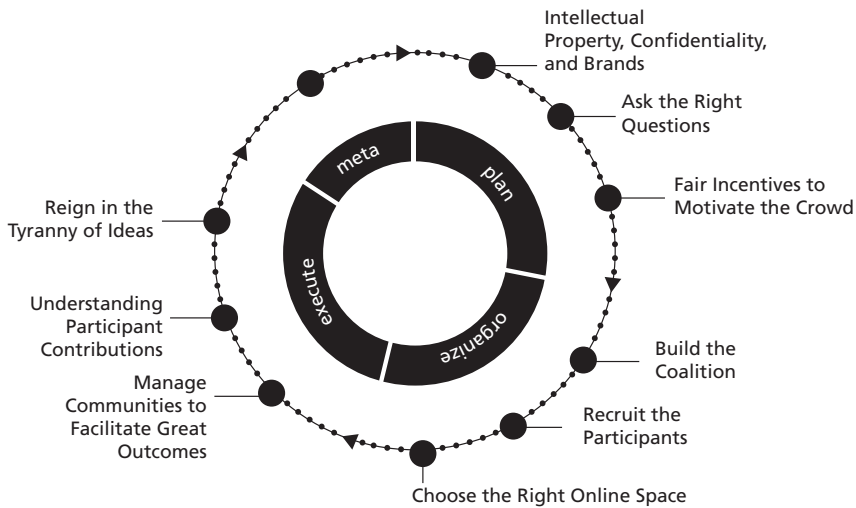


Figure I.1 The Crowdsourcing Lifecycle

Figure I.1 shows how a crowdsourcing project might be organized from planning and organizing through execution and review (or meta). There is one notable exception. We have moved the discussion about online spaces (which covers the role of technologies and platforms) to the end. We think it's important to understand everything that makes crowdsourcing work, before considering the right enabling technologies. Broadly, the chapters try to answer the following questions:

- How to weigh the business benefit of crowdsourcing with an organization's legal, confidentiality, and brand needs
- What kinds of questions to ask crowdsourcing participants
- How to compel a community to participate and reward them when they do
- How to recruit the best people to join your crowdsourcing
- How a coalition of partners can enhance crowdsourcing
- How to organize participants for the best results
- How to monitor a community in support of community management

-
- How to evaluate results
 - The technology alternatives to enable crowdstorming
 - Moving beyond what we have shared in this book

We love the possibilities of crowdstorming, but we are much more excited about ensuring that you can get results from the process. So each chapter includes references to academic research and interviews, as well as our own observations. And the concepts are made tangible with stories in each chapter.

LET'S BEGIN

We cannot promise that we have cracked the code on all the ways organizations will use crowdstorming. What we can help you recognize—and utilize—are clear, actionable steps to begin realizing innovative outcomes by leveraging external talent. Exploring the art of the possible with a structure to harness this power can help you with idea creation, innovation, and problem solving.

We love ideas. But we love putting ideas into action even more. So let's get started.

CHAPTER 1

First, Some Context

*No matter who you are, most of the smartest people work
for somebody else.*

—Bill Joy

In 2000, Goldcorp CEO Rob McEwen was frustrated with the relatively poor performance of Goldcorp's Red Lake Mine in Ontario, Canada. Goldcorp's geologists had experienced limited success in pinpointing the gold's underground location. McEwen knew he was literally sitting on a gold mine but unable to realize its potential. Then McEwen found himself at an executive education session at MIT. In a session where open source software was being discussed, it dawned on him what needed to be done. Open source software benefitted from the ongoing analysis, review, testing, and contributions of a large diverse group of people working for multiple different organizations. Could he employ similar principles to help his team improve their understanding of his mine's potential?

McEwen took an unprecedented step in his industry. He assembled digital representations of Goldcorp's proprietary geological data and made it available to people outside the company. He challenged *them* to prospect, using the digital representations of the mine. The challenge was launched on Goldcorp's website. Everything related to the Red Lake Mine—400 megabytes worth of data about the 55,000-acre site—went online and was transparent to the world. Participants were offered prize money of \$575,000 for the best ideas.

The response was astonishing—especially for an industry that had always believed the key to success lay in making its proprietary knowledge accessible only to its own employees. Over 1,400 scientists, mathematicians, geologists, engineers, military officers, students, and consultants from 50 countries downloaded the company's data for virtual exploration. In all, participants identified 110 sites that might yield gold. Fifty percent of these sites were previously *unknown* to the company. Of these new targets, *more than 80 percent* yielded significant gold reserves. The group with the winning entry was from Australia

and had never even visited Canada. McEwen estimates that the collaborative process shaved two to three years off their exploration time. The value of the gold found: *\$6 billion*.¹

Another remarkable story of a company looking to external talent comes from the world of toys. LEGO is one of the fastest growing and most profitable companies in toy industry today, but back in 2003, the company was on the verge of bankruptcy. LEGO's story is revealing not only for the way it tapped into external talent to get creative ideas but also for how it used creative collaboration to vet and find ideas that had the greatest potential to become profitable.²

From the mid-1990s to 2003, LEGO's business stopped growing. After decades of doubling its revenue every five years, changes in the market slowed LEGO's growth to a standstill. The impact of video and other technologies were shifting its core customer base's buying patterns. Distribution channel changes—from mom-and-pop toy stores to retail giants like Carrefour, Walmart, and Target—impacted how LEGO interacted with its end customers. And changes in supply chains, from domestic manufacturing to offshore sources, altered the cost structure of toy production and negatively impacted the bottom line.

By 2003, the company was almost broke and a new CEO was appointed, Jørgen Vig Knudstorp. Under Knudstorp, LEGO made the transition into being an innovative company that was (and still is) highly profitable. That transition had many facets, but one that has significance for this discussion concerns the impact one single new product experience had on the way LEGO now manages innovation.

The product was called LEGO Mindstorms. Mindstorms is a configurable robotics product that LEGO successfully launched in 1998. However, during the trying times at LEGO, much of the original team had moved on. But LEGO knew there was an enthusiastic group of people who were very familiar with Mindstorms—Mindstorms customers. So they reached out to this group—first on an individual basis and then through a consumer products show. They had hoped to get support from 100 of these fans; they were inundated with responses from 10,000. The new development team was flooded with new ideas for the product.

What LEGO discovered was an external pool of design talent that was smart, enthusiastic, and motivated by their love of the Mindstorms product. LEGO quickly recognized that this group could not only *provide them with product ideas* but, more importantly, they could *help evaluate which ideas were best*, and thus help ensure that the new product would be profitable.

By the time Mindstorms was launched in 2006, the company had handed over incrementally more control for idea creation, refinement, and selection to the external community of Mindstorms enthusiasts. The launch was a huge success. LEGO even turned over part of the marketing—interviews with the press—to the community. This external community turned out to be not only more knowledgeable about the product, but more believable in extolling the virtues of LEGO's newest offering.

Almost a decade after they began, LEGO has not slowed in its pursuit of new and better ways to work with outside talent. In 2011, LEGO launched a process called *Cuusoo* (which means *wish* in Japanese) to find and evaluate new ideas for LEGO products. Anyone can submit ideas to the Cuusoo site. Idea owners are encouraged to promote their ideas. If 10,000 people vote for an idea, LEGO will review the idea. If the idea meets certain guidelines related to considerations like design, brand, pricing, availability of a license, LEGO will put the idea into production and share royalties with the idea owner. In the case of LEGO Minecraft, the product was already a smash hit game. Cuusoo made it easy for this already engaged and excited community to begin creating brand extensions on their own for the benefit of both LEGO and MineCraft. And, while LEGO is certainly well known for deals with brands from Disney to Starwars, this time the new partnership idea and validation came from a different place—the smart, insightful, and engaged people outside LEGO.

ABUNDANT TALENT OUTSIDE

Goldcorp and LEGO could not be more different businesses. But both tapped into abundant external talent to help them succeed in the face of some of their greatest challenges. They discovered people who had the background, interest, or enthusiasm to engage with their organization

and innovate. They found ways to organize interactions with people outside their internal structure, in part out of a confluence of necessity and design—but, more tellingly, because they *could*. And, while their approach to innovation might seem to be new, it is in fact a very old idea.

In his 1937 essay on the “Theory of the Firm,”⁴ Nobel Prize winning economist Ronald Coase asked this question: Given that “production could be carried on without any organization [that is, firms] at all,” why and under what conditions should we expect firms to emerge? Coase’s essay looks at two competing sets of costs. On the one hand, Coase finds that organizations tend to become less successful at allocating resources as they grow; more specifically, they tend to *misallocate* resources. On the other hand, Coase looks at the hidden costs of transacting with the market—such as searching for talent, evaluating skills or bargaining, securing trade secrets, and enforcing contracts.

In 1937, Coase’s costs were determined in part by the business processes of the time, and also by the communication options. Today, online platforms and social networks are reducing some of the transaction costs and the increasingly competitive global market is escalating the costs of misallocated resources inside the firm. In other words, it’s a perfect time to revisit the balance between when to use internal resources versus when to go out to the market. We also see that, with these lower costs, there is a third type of relationship—people who are not employees and who are not accessed via the market. Like LEGO’s community of Mindstorms fans, their relationships to the organization are different as are their motivations.

In his 2008 book *Here Comes Everybody*,⁵ author Clay Shirky hints at the shifting role of the organization in his subtitle: *The Power of Organizing Without Organizations*. He examines how new forms of social interaction enabled by technology are changing the way people are forming groups and working—from political movements that topple dictators, to consumer cooperation that causes corporations to change behavior. And, in *Imagine: How Creativity Works*,⁶ Jonah Lehrer suggests that most innovation and creative ideas do not occur when we are alone, but instead emerge from social interactions that “inspire novel thoughts.” Lehrer explains, “It doesn’t matter if this sharing takes place on Hudson Street or at a bar full of engineers . . . the exchange is all that matters.”

While Coase is focused on the pure economics of the organization versus the market, author and law professor Yochai Benkler introduces additional forms of cooperation. In *The Penguin and the Leviathan*,⁷ Benkler tracks the broad expansion of cooperative systems while making a case for the reduced impact of pure self-interest—and the rise of more cooperative alternatives. He points to the “disruptions wrought by the internet” that are “accelerating the rate of globalization and scientific growth, all of which are forcing an increased number of businesses to examine how they can emphasize learning and innovation rather than mere efficiency.” Benkler makes the case for balancing social and selfish incentives. He notes how organizations are seeing the best talent drawn to work that is either inherently rewarding or widely associated in the society with respect and value. And, he concludes, “As our world continues to flatten and the boundaries of communication continue to disappear, more and more companies are adopting . . . collaborative strategies. . . . In a global economy, you never know who, somewhere in the world, will be willing and able to help you or who will come up with a new and better way to do what you are doing. . . . The most successful know that innovation happens everywhere. Not just in executive boardrooms, or R&D labs, but everywhere.”

One of the first to explore the shifting balances between transaction costs and resource allocation was Henry Chesbrough. In his book *Open Innovation*,⁸ he proposes that there are a much greater number of smart, creative, and innovative people and ideas *outside* an organization than within it. Chesbrough says that innovative solutions to challenges exist somewhere in the world and an organization’s “innovative” process is no longer problem solving but “solution finding.” Thus, the innovative process needs to focus on the methods needed to do the outreach to talent and then manage the process. He indicates that bringing resources together to collectively work on challenges creates a much broader network to address problems. To be successful, the innovative process needs to focus on ways to motivate and manage this truly diverse and often global resource.

Organizations such as Goldcorp and LEGO—along with many others that we will discuss in this book—have been exploring how to

leverage external talent to address all kinds of creative and innovative challenges: from new product design to making sense of massive data sets, from architectural challenges to reframing social issues. As the projects above highlight, companies adopt crowdstorming for varying reasons. These organizations are finding new ways to live with Joy's Law, that most of the best people work for somebody else. But this no longer needs to mean that you cannot work with them in new ways.

In *The Power of the Pull*,⁹ John Hagel III and John Sealy Brown lay the groundwork for organizations to access external talent by pointing out what is happening in today's business environment. Organizations that were used to planning their operations with long-term horizons and focusing on operational efficiency must now respond rapidly to a business environment characterized by fluidity. They must become learning organizations and figure out how to achieve extreme performance by learning to scale their organization's talent base quickly. Hagel and Brown state that the twenty-first-century organization will still use tools within the firm but will need to access a much broader ecosystem. Their takeaway: learning and innovation will come from collaboration with *talent outside the organization*.

Leading business consulting organizations like McKinsey are helping clients evaluate when and how to use collaborative planning to set strategic direction for their companies. In a 2012 *McKinsey Quarterly* article entitled "The Social Side of Strategy,"¹⁰ Anna Gast and Michael Zanini argue that, while it's certainly not a replacement for the strategic planning edifice, engaging larger groups in strategy discussions is valuable for generating ideas, prioritizing them, and challenging operational plans. McKinsey continues to explain that this represents a shift in how an organization should think about its leadership roles and structure: the "C" suite moves from their traditional roles of all-knowing decision makers to "social architects" who spend a lot of time thinking about how to create the processes and incentives that unearth the best thinking and unleash the full potential of all who work at a company."

Finally, in business academic circles, reviews like the *MIT Sloan Management Review* have been providing research and analysis for years on how to engage in what they call *collective intelligence*. In a seminal article from 2010 entitled “The Collective Intelligence Genome,”¹¹ a team led by Thomas Malone starts with the premise that collective intelligence has already proved that it works. It suggests that there are four building blocks, or genes—what is being done, who is doing it, why are they doing it, and how it is being done—that help organizations create their own systems for setting up and managing open innovation projects effectively.

WORKING WITH CROWDS

Crowdsourcing is the term most often used to describe how organizations work with large groups to achieve any number of ends. When Jeff Howe first presented examples of the concept in his 2006 *Wired* article,¹² he covered a broad range of activities. Tasks differed by the level of expertise required, as well as by the amount of time required to participate. Figure 1.1 offers a perspective of what is being sought from crowds.

Jeff Howe’s original examples were mainly focused on labor. This was an extension of an older concept of outsourcing. But rather than have one organization outsource from another, organizations can work directly with the crowds—as Shirky observed, people are organizing (and being organized) without organizations. Now crowdsourcing has taken on a much bigger definition, covering much more than labor resources.

- *Assets*: When we use Skype, we effectively borrow bandwidth and computing resources from our peers. It is invisible to us. In *What’s Mine is Yours: The Rise of Collaborative Consumption*,¹³ Botsman and Rogers highlight a range of more explicit resource sharing arrangements. Car2Go or ZipCar enables sharing of cars and ride sharing services like Zimride or Lyft fall into this category. Another example is Airbnb, which provides an alternative to hotels—only the rooms are made available by individuals.
- *Capital*: One of the first very large-scale examples of soliciting funds from the crowd (that was not a tax system) came in 2008 during the presidential election in the United States, when

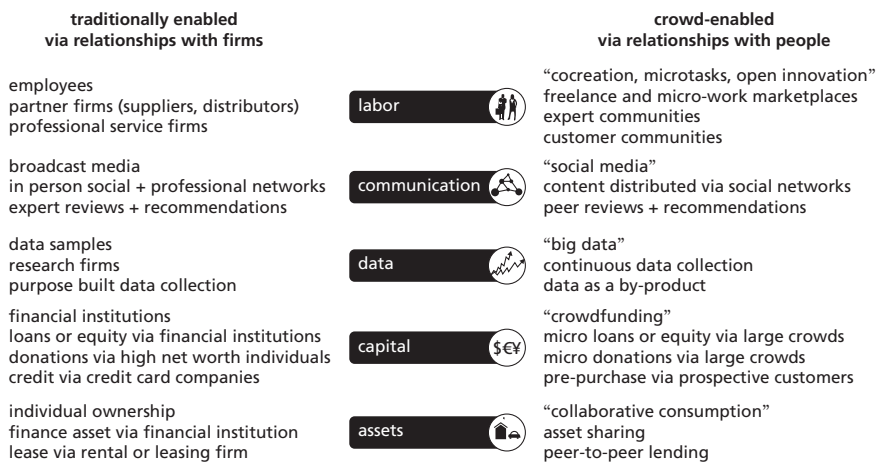


Figure 1.1 The Ways Crowds Deliver Value

then-candidate Barack Obama made use of a whole array of crowd funding sources. This approach tends to focus on different models for sourcing and allocating capital, usually in return for products, services, or equity. Examples of this approach include IndieGoGo, Kickstarter, and LendingClub.

- *Networks*: A good deal of social media is concerned with how organizations can get people to influence their social networks, very often via content that is likely to be shared for a variety of reasons, including humor or utility. Having the crowd distribute content in this way is not just cheaper than paying for distribution (often called paid media), but it often has the benefit of being more believable because it comes via people we know.
- *Data*: As we have shifted more of our business and social interaction online, we are creating “Big Data”—that is, massive amounts of data that organizations are trying to understand to use for many purposes. For example, the data is used to determine what ads we see online and what we might prefer to purchase or rent. The data can be used to monitor our driving, qualify us for better insurance, or compute traffic flow and propose better routing. The main challenge is understanding all of this data. Of course you can connect with a crowd to help with this now. Kaggle will let you connect with data scientists who are expert in the processes of teasing insights and models from these large data sets.

Each of these are fascinating, fast-moving shifts in how we (and our organizations) access resources. But our primary concern is the *Labor* category. Within this category are a number of models for connecting organizations and crowds. There are labor marketplaces (e.g. oDesk, Task Rabbit, eLance, Workmarket, Mechanical Turk) to connect organizations with independent professionals in areas ranging from administrative tasks to software testing, from graphic design to assembling Ikea furniture. These are classic jobs made more accessible because of lower transaction costs, which is what Coase was concerned with. Then there are microtasks—small pieces of work that

may not require domain expertise, but require human judgment—like determining whether content is pornographic or what words appear in an image. Neither of these models is our main concern, though.

We are interested in a particular type of work—the generation and evaluation of ideas. In the cases we will explore, ideas take many forms—from short text descriptions like the ones you might find in a suggestion box, to complex prototypes (from prediction algorithms to robot cars). Ideas can be business plans or proposals for new business strategies. They can be beautifully rendered homes barely distinguishable from real photos or flowcharts illustrating how a proposed software application might work. And, just as important, we are interested in the reactions to these ideas. We want to understand the conversations that are inspired by the ideas that can help to improve and evaluate the ideas. In the end, all the ideas require some level of investment, and we want to know which ideas we should expend time and effort to develop.

STARBUCKS BETACUP CHALLENGE—NEW SOURCES OF SUSTAINABLE INNOVATION

When Starbucks decided to sponsor the complex problem of reducing waste generated by coffee cups in 2010, it was already well on its way to finding solutions to the problem.¹⁴ But they recognized that they could use additional help. Director of Environmental Impact Jim Hanna put it this way: “Given the complexity of the disposable cup waste issue, we need a broad range of stakeholders to become involved in finding solutions. In addition to working with local municipal governments, materials suppliers, and cup manufacturers to improve recycling infrastructures, we believe in harnessing the creativity of environmentally conscious individuals to identify new alternatives.” To do this, Starbucks sponsored an outside group of partners who had initiated the Betacup Project to address the global problem of disposable cups.

While Starbucks sponsored the contest initiative, the Betacup team managed the challenge. It was led by Toby Daniels, social crowdsourcing agency Mutopo, and run as an online contest on jovoto, a platform designed to cultivate creators and innovators to work

together collaboratively on challenges and which had its own creative community. Notably, Starbucks, along with the Betacup team, reached out to include additional partners including Core77, Denuo, Good Day Monsters, Instructables, and Threadless—all of whom brought their own community of professional designers, design students, and enthusiasts, as well as media outreach and ongoing exposure for the contest.

The contest provided a brief that outlined the problem, as well as a cash incentive of \$20,000 for the winners, which would be divided among those whom the creative community—as well as an expert panel—judged to have the best solution. The challenge was open to all and encouraged public discussion and feedback that allowed for ongoing refinement and updates on submissions. Evaluation and curatorial input by the creative community encouraged networking and teaming. The low barrier of entry—along with the collaboration-enabling infrastructure—allowed the Betacup organizers to tap into a new audience of creators: a community that not only provided new ideas, but could also validate ideas that were submitted, as well as validating Starbucks' three-pronged approach to addressing the paper cup waste issue.

We can measure the results of the Betacup challenge in two ways that shed light on important aspects of crowdstorming. First, Starbucks received a lot of good ideas. The Betacup contest ran for two months, received 430 idea submissions, and 1,500 idea revisions from all over the world. The contest logged over 5,000 comments and 13,000 ratings. The winning idea was not even a product. It was a low-tech solution called the *Karma Cup* whose elegance is in its simplicity. Every Starbucks store captures reusable cup usage and posts it on a chalkboard; when the tenth beverage is sold to a person using a reusable cup, that beverage is free. The solution resulted not only in a cool new initiative, but in a behavioral change among customers as well. It was designed to change the global conversation that had begun the platform into a local conversation in each Starbucks and bring customer awareness to the local level, stimulating conversation as customers discussed reusable cup activity in their local store. The idea was eventually prototyped and in-store trials showed that it worked as proposed—it was possible to inspire more reuse.

The second element of the project's success was that, by working with partners, Starbucks expanded outreach beyond its own fan base. This opened up the possibility of generating ideas from around the world and dramatically increased awareness of the problem—and in so doing cast Starbucks as an environmentally conscious company. The creative collaboration contest not only produced a huge number of innovative ideas for Starbucks and provided it with insight about its product strategy, it raised awareness of an important issue that Starbucks was addressing and thus earned Starbucks valuable media.

TRIPLE EIGHT HELMET DESIGN—BENEFITS FOR SMALLER FIRMS, TOO

We have talked about large organizations using external talent to tackle creative challenges. But crowdstorming is not only for large companies.

Imagine you are standing on a street corner in LA, San Francisco, São Paulo, or Cape Town waiting for the light to change. A skateboarder rolls by on a long board and you are instantly taken by the design on his helmet: an image of a robot clutching a balloon as it floats over the city. While the helmet's unique design may not be an unusual sight on city streets these days, the story *behind* the helmet artwork is the result of a creative collaboration challenge run by the helmet maker Triple Eight.

Triple Eight is a small, privately held company that has been making professional and amateur protective gear for a wide variety of action sports since 1995—from skateboarding and bicycle riding to snowboarding and skiing. Throughout its history, Triple Eight has worked closely both with its customers and with athletes in designing its products. As Triple Eight president Bobby Oppenheim says, "Community has always been a key ingredient in Triple Eight's success. We're inspired by the industry we work in; in the action sports community, competitors use collaboration to continually improve and develop new ideas. This spirit is pervasive at Triple Eight: We work with our team, distributors, and customers throughout our product development process."¹⁵

In 2010, what was unique for Triple Eight was handing over the artwork design for its *Brainsaver* skate helmet to creative talent with which it had no relationship. When Bobby first discussed the project he asked: “Why would I work with people I don’t know?” It’s an understandable reaction and we expect some of you might be contemplating the same question. But the answer makes a compelling case for the power of crowdstorming—bringing together a diverse, unknown community of design talent to join Triple Eight’s known skateboard community resulted in the delivery of unexpected, creative ideas vetted by the combined community.

The first step in the process was inviting creative design communities as well as skaters. Triple Eight’s goal was to look to a variety of different groups to gather feedback about the designs—to explore the art of the possible. In a coordinated effort, Triple Eight, Mutopo, and jovoto spread the news of the contest to different parts of the skateboarding community and to existing design communities (such as jovoto itself, which consisted of over 15,000 product and package designers, branding professionals, and graphic artists). Secondly, Triple Eight decided on a revenue-sharing compensation option to motivate participation. For work such as this, designers are typically compensated by the hour or perhaps by the project. Triple Eight was running this particular challenge as a contest, and was asking people to propose designs in return for the *possibility* of winning a prize and receiving a contract. The contract then would be tied to a shared risk/reward structure—in this case, sales numbers.

Finally, Triple Eight elected to run the challenge in an open contest format. Submitted ideas would be publicly available; open to comments and evaluation. Like Starbucks, the approach was designed to get a lot of great ideas and also to enable Triple Eight to gather insights from comments, understand the community’s choice by tracking voting, and encourage a broader conversation with its customers.

The results were impressive: 170 submissions, over 900 comments, and 3,300 ratings. The top three submissions selected by the community were then presented to 20 members of Triple Eight’s professional team as well as retail partners and Balloon Robot design was selected.

OUTCOMES BEYOND IDEAS

Starbucks, LEGO, Goldcorp, and Triple Eight were working on diverse issues—but they all had one thing in common: all tapped into abundant talent outside their organizations to help them achieve the desired outcomes to their challenges.

Despite the similarities of their processes, the desired outcomes and measures of success *varied* for each of these challenges. While the focus of crowdstorming is generation and evaluation of ideas, the process can generate other valuable by-products too. Most notably, the discovery of the people behind the ideas or the feedback about the ideas, can be as valuable as the resulting ideas. And the conversations resulting from the process can have important communication value in an increasingly social business landscape. Table 1.1 outlines the range of outcomes.

Table 1.1 Five Crowdstorming Outcomes

Outcomes	Descriptions
Getting Ideas	Obtaining a large number of ideas beyond the scope of what is possible with internal team or traditional partners.
Evaluating Ideas	Efficiently receiving feedback and interpretations from a wide range of stakeholders to determine where to make future investments.
Finding Talent	Through the proposals, identifying new individuals, teams, and organizations to work with.
Causing Conversation	Generating content and often provocative ideas that in turn lead to conversations and media coverage.
Transforming Relationships	Enabling stakeholders to participate in generating and selecting ideas can positively change the relationship between the organization and stakeholders.

We have focused so far on organizations working to improve existing products and services. But our last example shows how an organization uses a crowdstorm process to identify new partners and investment opportunities, finding not just new ideas, but also the teams capable of making the ideas real.

GE ECOMAGINATION CHALLENGE—A NEW PATH TO CORPORATE DEVELOPMENT

In 2010, corporate giant General Electric launched a \$200 million global challenge called “The Ecomagination Challenge: Power the Grid.”¹⁶ GE’s starting point: “Since good ideas can come from almost anywhere, GE has opened its digital doors to inventors all around the world.”

In 2005, GE CEO Jeffrey Immelt launched Ecomagination to develop new power grid technologies—a market that the company estimated could be worth hundreds of billions of dollars in the coming years. GE committed to investing \$10 billion in Ecomagination between 2010 and 2015, but realized that it would have to look beyond the corporation’s four walls for ideas—and determine how to collaborate with small companies to accelerate innovation and production in order to meet its ambitious goals. It made three important decisions: to partner with venture capital firms Emerald Technology Ventures, Kleiner Perkins Caufield & Byers, and Rockport Capital; to commit (along with its partners) \$200 million to entrepreneurs to develop new ideas and bring them to market, in addition to offering \$100,000 in prize money to the top winners; and to choose a technology partner, Brightideas, to run an open contest on its platform. GE coordinated outreach and media support with its partners and ran a 10-week challenge that generated over 3,800 ideas, 80,000 comments, and 120,000 votes. The community voted for its winners and the ideas were routed to subject matter experts at both GE and the venture capital firms for evaluation and further development. The evaluation committee considered ideas for the following: (1) an equity investment by GE or others; (2) a cooperative agreement to develop a product or technology; and (3) a review of the product or service for possible qualification to be a part of the GE Ecomagination program.

The results of this open crowdstorming project were again impressive: GE partners committed over \$134 million for cleantech startups that showed promise. A company press release called the Ecomagination Challenge an “efficient magnet, attracting so many good ideas that GE has been able to enter into commercial partnerships with 22 startups representing a broad spectrum of technologies, including wireless power transmission, thermoelectric materials that transform heat into electricity, grid-scale energy storage, self-tinting energy saving windows, software energy management systems and much more. . . . GE has even acquired one company. . . . As an innovative approach to finding and funding the next generation of energy technology, GE’s Ecomagination Challenge has been an outstanding success.”

In a further show of commitment to the practice of open innovation, GE has since expanded its efforts using external talent. In September 2011, GE created the *healthymagination challenge* to identify and accelerate ideas to advance breast cancer early detection and diagnosis in order to help save lives affected by breast cancer.

THE BUSINESS MODEL IMPACT

Crowdstorming has the potential to help transform businesses. Each example provided had different outcomes and the impact on their business has been different. To help us see how organizations have used crowdstorming (and to get you thinking about how you might), it is useful to see how they have considered using it in the context of their business models. To help with this, we can use the *Business Model Canvas* from Alex Osterwalder’s book *Business Model Generation*,¹⁷ shown in Figure 1.2.

What tools such as the “Canvas” help us do is to see how organizations have used crowdstorming to improve their business.

As we work through the stories we have covered so far, we can see the different ways the crowdstorm process has impacted each organization. For Goldcorp, their Key Resources were simply not able to determine where they might find gold. When they engaged an outside crowd, they transformed their Value Proposition—they were able to

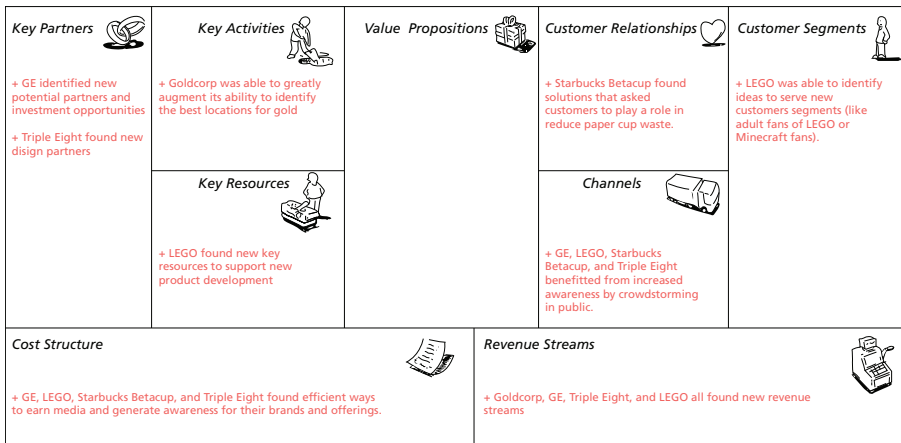


Figure 1.2 The Business Model Canvas—Showing How Crowdstorming Impacts Business Models for GE, LEGO, Goldcorp, Triple Eight, and Starbucks

Source: Alexander Osterwalder and Yves Pigneur, *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (Hoboken, NJ: John Wiley & Sons, 2010).

more efficiently locate gold. Understanding where to expend effort to look for gold is at the heart of their business, and this is where crowdstorming helped. For LEGO, they did not lack innovation, but they lacked the ability to understand where they might invest. Like Goldcorp, they did not know where to focus and their crowd helped them ignore the less promising new products and focus on areas they knew LEGO customers would love. In the process, they also transformed their Customer Relationships, bringing them closer and giving them a stake in shaping the products they love.

For Starbucks, the impact is less clear. The crowd did not save the business, and it is not clear how the crowdstorming will impact how they deliver value. However, in the short term, the discussion around the ideas had a positive impact on communication about the company. It impacted their communication “Channels,” generating awareness of Starbucks’ commitment and efforts to operate a more sustainable business. Finally, for GE Ecomagination, the crowdstorm process provided access to new Partners, which in turn offered GE a new Value Proposition and Channels.

As exciting as these stories are, they are just the start. These organizations are tapping into crowdstorm processes selectively, as a complement to existing business processes. But what happens when we create organizations that place crowdstorm processes at the core of their business model? We’re going to introduce you to a few organizations that are doing just that—like Giffgaff, Quirky, LocalMotors, and Threadless. The oldest is just over a decade, while the youngest have been around for only a few years. And yet they reveal what might be possible when we engineer organizations around outside talent, to take advantage of the massively reduced transaction costs that defined the shape of organizations created before the Internet.

We’re excited about the potential. But we are even more excited that we are starting to understand how you can make crowdstorming work. We know from experience that when you have the capacity to transform organizations at this scale, you are going to meet resistance. You will encounter resistance simply because of the scale of the proposed changes. And you will encounter resistance because of the risks associated with change. For all the insights we will share, we know that

few of the success stories could have happened without substantial support from the most senior people in the organization—and the combined efforts across multiple groups within each organization from IT and legal to marketing and R&D.

To address this issue head on, the next chapter lays out a framework for thinking through ways to balance the business benefit of using crowdstorming while assessing and managing the risks related to intellectual property, confidentiality, and the brand.

CHAPTER 2

Intellectual Property, Confidentiality, and Brands

Competition has been shown to be useful up to a certain point and no further, but cooperation, which is the thing we must strive for today, begins where competition leaves off.

—Franklin D. Roosevelt

The smartphone. The organizations that make them are competing for one of the greatest prizes of our time—access to 6 billion phone subscribers. There’s never been a competition quite like this before. For our discussion, the battle for the smartphone market presents a unique opportunity to explore how competition and cooperation coexist. If we are to benefit from crowdstorm processes, we need to understand how working with outside talent will challenge a number of established norms for brand, confidentiality, and intellectual property strategies.

OUTSIDE TALENT ON THE EDGES

The advertising for one of the best-known smartphones, Apple’s iPhone, has followed a clear arc.¹ When the iPhone was first launched in 2007, Apple introduced customers to the main features—calls, e-mail, music, and web browsing. But one year later, they switched the focus to applications (or apps) that can be run on the phone to give it new capabilities. Ads about apps demonstrated the many, many, many ways in which the iPhone can become much more than a phone: Apps let customers read a restaurant review, an MRI, or a book, fix a bookshelf, find a cab, or split a restaurant bill, find a hostel, and translate speech into a foreign language.

Why is this so important?

People who did not work for Apple created all of these apps.

Apps reveal how Apple is a supercompetitor as well as a formidable collaborator. Apple created processes that enabled developers to easily make use of the iPhone’s new hardware and software. Many of us might have seen Apple’s customer events; however, an equally impressive communications and support platform exists for app

developers—from large annual events and developer outreach programs to enabling software, tools, and support forums. Most companies would be hard pressed to provide these types of resources to their own employees—let alone outsiders.

In 2012, Apple let it be known that they had paid \$4 billion to app developers and created 210,000 jobs related to the “App Economy”² in the United States. These jobs went to the various people involved in the creation of apps, such as developers and designers. Globally, Apple has about 60,000 employees. Therefore, the additional 210,000 Americans alone is a dramatic addition to the Apple team—Apple is no longer just a company, it is an ecosystem that depends on outside talent. This ecosystem has helped Apple create new iPhone experiences and new reasons for potential buyers to choose their product over their competitors’.

A look at Apple’s biggest rival reveals a similar approach. Google leads a global ecosystem of large organizations—hardware and software makers that make Android phones. Google also leans heavily on outside app developers to make Android phones more valuable. In fact, this massive ecosystem of developer talent is what sets Apple and Google apart from the fast fading, previous generation of mobile phone leaders—Microsoft, Nokia, and Research in Motion.

But this is just the beginning of the story, because Apple and Google rely on an additional outside ecosystem of talent for another critical part of their businesses.

OUTSIDE TALENT AT THE CORE

At the core of both of their phone operating systems, Google and Apple depend on the work of open source software developers. This is software that is dependent on contributors beyond the employees at either company. Unlike the explicit business contracts between app store developers and Apple or Google, open source relies on bartering and collaboration, with the end product, source material or blueprints, and documentation available at no cost to the public.

In other words, the developers for each of our phones’ applications work on their own apps. Many of them receive a share from the sale of these apps. However, for the invisible software functions on which both

Apple and Google depend, global groups of developers have toiled to create code that is free to anyone and subject to certain restrictions depending on the specific licensing agreements. The core pieces for the Android operating system are derived from the Linux operating system; for Apple, it is a package of open source products called Darwin. Over the years, people have used, tested, and improved this software and made it available for others to use—for free. At the same time, Google and Apple depend on this software, which is created in an open, cooperative environment alongside their various proprietary and closely held tools.

Apple and Google depend on the efforts of outside talent in the form of apps and open source software. At the same time, they are very focused on access to and control of intellectual property.

THE FIGHT OVER INTELLECTUAL PROPERTY

For all the collaboration, there should be no confusion about ownership. Developers get to use phenomenal resources from Google and Apple—global marketing, development tools, e-commerce, and analytics—things that most of the developers could never afford themselves.

In fact, the ecosystem is built on the back of patent libraries that cover hardware and software inventions. In some cases, certain parties pay fees to one another to use these elements. But in the current competitive environment, there is a battle raging in courtrooms around the world to settle the question of who is improperly using various hardware and software elements. The consequences are severe; in Germany, for example, if an organization is found to infringe on another organization's patent, their devices can be immediately removed from trade fairs, and their ongoing sales blocked.

We should not confuse the desire for control and ownership with the benefits of cooperation with outside talent. Apple and Google care deeply about intellectual property ownership; it is critical to their businesses. Yet the desire of many organizations to control intellectual property leads them to see collaboration and cooperation as off limits. Our hope is that the examples of Apple and Google demonstrate that nothing could be further from the truth.

While juries and judges might decide intellectual property rights, there is another very influential system to consider—the court of public opinion.

YOUR BRAND IS COCREATED

We use our phones to perform countless tasks—message and check-in and update statuses and search and browse and share. These various activities impact brands in a very important way. Brands used to have the upper hand in controlling what was being said about them: TV and newspaper ads, billboards, and various types of sponsorships, to name a few. These channels gave brands control over their messaging; using these platforms, brands could own how they wanted people to see and think of their brands. But in recent years, social networks have powered new connections that have shifted the ability to own and control the message from brand to customer.

In 2012, the consumer research firm Nielsen found that 92 percent of consumers around the globe said they trusted recommendations from friends above all other forms of advertising. This is 20 percent more than the percentage in 2007. Similarly, when Nielsen asked about online consumer reviews, 70 percent of those surveyed said they trusted these sources—up 15 percent from the 2007 numbers. What else changed between 2007 and 2012? We changed how we connected online when we rapidly embraced social tools like Facebook, Twitter, and Instagram. While brands continue to project carefully crafted images, these images are increasingly formed by what others are saying about them.

It is interesting that, according to the annual Brandz survey,³ Apple and Google are among the world's most valuable brands—with Apple ranked number one and Google number three (behind IBM). At minimum, this large-scale work with outside talent has not put the brands at risk. If anything, the additional stakeholders are likely contributing to the success of the brand. Recall the shift in Apple TV ads? The experiences shown in these ads became part of the Apple brand. Outside stakeholders are literally helping Apple to build their brand.

But Apple and Google get more than products, services, and positive messaging from their community of collaborators. They get to gather constant feedback in the form of reviews (from many of us)—not only about the specific apps, but also about which ones we’re using most or least. This feedback loop allows Google and Apple to constantly understand shifting needs and preferences and adjust the hardware and software they provide to developers—from better camera hardware (as photo sharing rapidly expands in popularity) to better graphics for gaming (gaming categories dominate in popularity).

Apple and Google show that the need for access to IP is not at odds with working with outside talent—nor is the creation of a strong, valuable brand. But there is a final concern—confidentiality.

HIDING IN THE OPEN

Google and Apple use media outlets to stoke speculation about how new devices will look, or what specific features they might include. Industry watchers and media alike engage in this ongoing game. On the one hand, we know that this has value because of the ways in which this information is shared and distributed.

But this is also an important way to counter the leaking of confidential information. Someone might obtain a photo of a soon-to-be-released Apple device. Apple has shown that it will go to great legal lengths to combat this type of leaking. But the company is also able to stimulate speculation to divert attention from rumors that may carry some truth. So, even when confidential information leaks, it can be hidden among any number of speculative news articles, blog posts, or images.

Of course, this says nothing of the strict confidences within the ecosystem. Participants understand that betraying confidential information comes with a cost. It might be hard to sue an independent developer for damages, but there is a real consequence to being excluded from collaboration opportunities.

In short, Apple and Google offer numerous examples that reconcile the benefits of working with outside talent with the core needs for control over IP, brand, and information. Let’s see how we can apply this to crowdstorming.

SHIPS AND CASTLES—ACCESSING AND PROTECTING IDEAS

Jeffrey Phillips, the author of *Relentless Innovation*,⁴ introduced the idea of *ships versus castles* to describe how organizations might think about moving between two distinct strategies—one focused on working with and protecting internal resources and the other on looking beyond the borders of the organization.

Phillips summarizes how organizations create *castles* to defend specific areas, like harbors or important roadways. They're designed to be easy to defend, as attackers have to overcome significant obstacles to penetrate them. The best way to improve castles is to build bigger and higher walls. These enable organizations to discourage those who would attack, and help organizations be selective about who they allow in. Of course, castles have a significant limitation: they cannot move.

Ships, on the other hand, enable a number of new capabilities—exploration, trade, and projecting power to areas beyond the castle-dwellers' reach. However, ships have their own weaknesses. They can be defeated by castles' firepower, they may encounter a larger number of ships, or they may become lost at sea. Ships are also more costly to operate, since they require ongoing refurbishment, a specially trained crew, and a range that's limited by the supplies they can carry with them or their ability to trade.

Phillips uses this analogy to explain how many organizations' traditional mindset has been based on the *castle mentality*. They are designed to defend internal knowledge like confidential information and intellectual property. This limits their access to the opportunities *outside* the castle. Phillips therefore argues that developing an approach to access new knowledge and talent—the way a ship brings back new ideas and insights to its homeport—prepares the way for innovation, new strategic initiatives, and continued competitiveness. The challenge lies in balancing the risks and benefits of ships and castles.

We can take this analogy further. Castles and ships also represent the ways in which organizations deal with their brands. A company will often use the castle approach to defend their brand, keeping it safe from outsiders by limiting interactions to just a few transactions. Organizations that take a ship approach look for opportunities to interact with

stakeholders because they see a business benefit in getting new information that can improve the brand. However, they have to deal with the risk of being overrun—losing control of communication about the brand. In many ways this is the contrast between marketing strategies from a decade ago versus the ship strategies embodied by social media marketing.

It is clear that Apple and Google have found a way to benefit from the strengths of both approaches. While it's clear that not all organizations are in their position, these two companies can help guide others in assessing how to strike a balance between ships and castles. Table 2.1 highlights some of the benefits and drawbacks that organizations need to explore when considering how to use outside stakeholders and what the impact will be on disclosing information and managing the use of and access to intellectual property.

Table 2.1 Intellectual Property (IP) and Communications—Strategies and Implications

Castle	Ship
<i>Employees</i>	<i>Outside Stakeholders</i>
■ IP developed by employees is owned by the organization (in most cases). ■ Low risk of information getting to competitors.	■ Access to more expertise, perspectives and feedback. ■ Expanded influence in market.
BUT	BUT
■ Capacity for development/innovation is limited to company.	■ New transaction costs (e.g., legal) to manage outside talent. ■ Increased risk of competitor infiltration.
<i>Hide Information</i>	<i>Share Information</i>
■ Low risk of competitors obtaining information. ■ Messages about the brand can be tightly controlled.	■ Improves ability to counter information leaks. ■ Easier for potential collaborators to find you. ■ There is an opportunity to earn media for branding. ■ There is an opportunity to gain new insights about the brand.

(continued)

Table 2.1 (continued)

Castle	Ship
BUT	BUT
■ You have limited ability to signal your interests to collaborators and obtain new ideas. ■ No capabilities to leak misinformation to counter any potential leaks. ■ No opportunities to earn media.	■ There is a higher likelihood that competitors will know more about what you are doing or trying to do.
Own IP	Access IP
■ No transaction costs, since all transactions occur between people who have agreed that IP belongs to the firm. ■ Provides the ability to block others from using IP and retaining the option to use it in the future.	■ In the event there is IP that you do not own but can use from external talent, you can establish terms to begin using it. ■ Your development costs are lower (in capital and time) and the overall risk of failure is lower.
BUT	BUT
■ Limited supply of new ideas in a timely manner, given the capacity limitations of internal talent and the emerging reality that the best ideas and talent are outside organizations. ■ High development costs/risks—what happens if you are late or over budget in the development process? ■ Enforcement costs/risks still exist, even if you own the IP.	■ Transaction costs can be high, because you need to negotiate terms. ■ Future options require new negotiation—which is particularly problematic if you are depending on the IP. ■ There is no ability to block competitors unless you acquire IP outright or negotiate exclusivity.

In the following sections, we will look at ways in which other organizations have explored these trade-offs.

P&G—MORE SHIPS, LESS CASTLE

During the 1990s, P&G employees referred to the organization as the *Kremlin in Cincinnati* because of its closed approach to innovation,

confidentiality, and intellectual property management. The image reinforces the very castle-like mentality of the time, when just 15 percent of its innovation came from outside the company. But fast-forward to 2012, and the percentage of innovation that came from outside had grown to over 50 percent. P&G's management repositioned itself during those years. Management evolved from applying an internal, defensive innovation strategy to one that focused on accessing IP from external resources—and P&G did so in order to accelerate their product innovation and problem solving ability. In short, P&G opted to include a ship strategy, too. Since then, P&G has worked successfully with more than 1,000 external companies and individuals to innovate and solve problems.

P&G reached a very important conclusion: if the company wanted to bring more new products (and services) to market, they would need to go beyond the current approach of using solely internal resources. They understood that they were in the business of solving their customers' problems and that there were many people who might be able to help. As former P&G CEO A.G. Lafley describes in his 2008 book *The Game-Changer*, "P&G opened up. [We were] known for [preferring] to do everything in-house, [but then] we began to seek out innovation from any and all sources, inside and outside the company. Innovation is all about connections, so we get everyone we can involved: P&Gers past and present; consumers and customers; suppliers; a wide range of 'connect-and-develop' partners; even competitors. The more connections, the more ideas; the more ideas, the more solutions. And because what gets measured gets managed, I established a goal that half of new product and technology innovations come from outside P&G. We are already beyond that figure, compared to 15 percent in 2000."⁵

This is a powerful and significant acknowledgment—and precisely what Google and Apple understand—in a world far away from detergents, dental care, deodorants, and dusters. From this initial understanding came the development of the necessary components to put this strategy into motion.

One of the first big questions was about intellectual property: ideas are great, so how is P&G going to access and use these ideas? The answer to this question is clearly outlined on P&G's "Connect and Develop"

site.⁶ If you have an idea, you need to be able to demonstrate to P&G that they are able to purchase this idea either in the form of a patent or some existing product or service.

By insisting on IP ownership, P&G greatly simplifies the process of determining how they will ultimately use an idea. Global patent systems provide a way to legally protect inventions and ideas that become intellectual property (IP). These inventions and ideas then share traits similar to other types of property from homes to software. IP is an asset that companies can sell, rent (license), finance, and so on.

Beginning over 10 years ago, P&G publicly and repeatedly announced that they were looking outside the organization for ideas. Nowadays, they describe in some detail the type of help they are looking for. For example, one of P&G's needs is as follows: "Awareness Tracking of New Products Using Unstructured Data." In other words, P&G wants to track levels of awareness through the first year of product launch. On the one hand, one might argue that this reveals too much about P&G's marketing strategy. On the flip side, what is the benefit if P&G can find an improved solution? Previously this type of strategy might have been seen as confidential. No longer. The ship is more valuable than the castle (or the Kremlin).

And there are other types of interesting disclosures; P&G also shares some very big strategic goals. They have posted the following on their "Futureworks" site: "We are interested in *disruptive* technologies or business models in our strategic areas of interest including Health & Well-Being (products, diagnostics, and services), Franchising, and Information-Based Services that improve the lives of the world's consumers." In a world where everyone is a competitor, it might seem like a tremendous risk to clearly articulate areas of strategic import in this way. But it is also a world where potential collaborators might have just what you need—and the business upside outweighs the risk of sharing confidential information. Though P&G's competitors may well infer their intentions, P&G's time-to-market need for problem solving takes precedence.

But competitors do not understand this need in relation to P&G's other strategic priorities, nor do they understand how far along P&G is

in the development cycle. They see many ships, but how are they to know which ones are most important to P&G? In addition, how likely is it that competitors have the internal resources to respond to the help P&G is seeking? Some of the biggest organizations in the world are already looking outside; what are the chances that competitors can respond with their internal resources? Odds are they're going to have to take the same approach—and P&G is far ahead in terms of communicating needs and having a process to work with outside talent.

NOT INVENTED HERE TO PROUDLY FOUND ELSEWHERE

P&G and all of the organizations we cover in this book have one important thing in common. They communicate clearly to everyone inside the organization that success is no longer linked only to what they create inside, but also what comes from outside. It is hard for us to overstate the importance of this sentiment. It is relatively easy to set values when creating a *new* organization, since the people who join at that point are consciously buying into a specific view of the world. However, it is something else entirely to ask people to change what they already believe—to move from castles to ships, from the stability of land to the more unpredictable seas.

Therefore, someone (or a group of people) had to make the case for change in all of these organizations. This is likely to be the first task for many organizations: convincing leadership to make it safe to go outside and explore the possibilities of “proudly found elsewhere.” What comes next is understanding how to engage with people and ideas from elsewhere.

PARTICIPANT JOURNEY FROM UNTRUSTED TO TRUSTED

In all of the crowdstorming processes we discuss, participants move through a journey that takes them from complete stranger to various levels of trust. Figure 2.1 shows some of the stages of this journey.

At the start of the journey, prospective participants need, at a minimum, to be aware of what organizations are trying to achieve. They also need to understand what it might be like to enter into a working

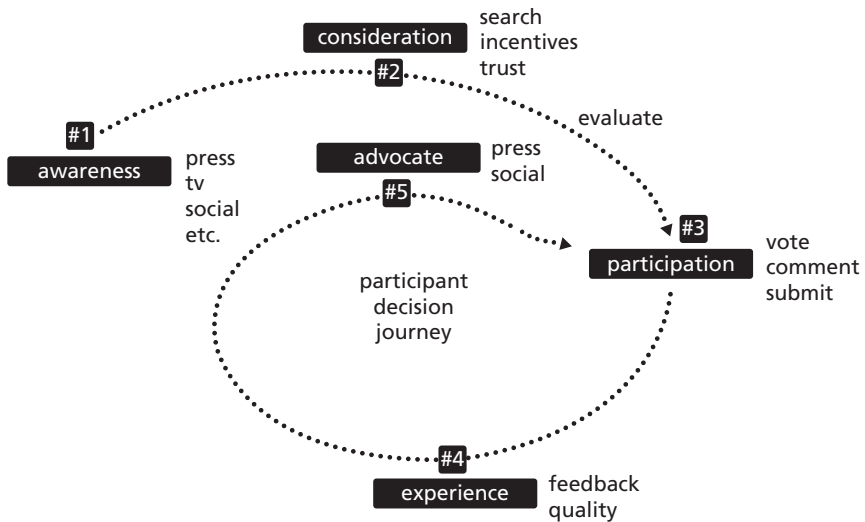


Figure 2.1 The Participant Journey—From Stranger to Trusted Partner

relationship with an organization—compensation for one thing, but also a sense of whether this is a task where they can be successful.

Finally, once they have decided to participate, they will consider the fairness of the terms. Once they have the experience of working together, they have the potential to be strong advocates for others to join the process, in much the same way full-time employees refer new employees.

Organizations have developed many approaches for exchanging information. On the one end is marketing—focusing on what messages the organization needs to share with customers. On the other end are controlled exchanges with partners or prospective partners, like Non-Disclosure Agreements (NDAs) and Employment Agreements. However, whether an organization can reasonably rely upon confidentiality depends very much on whom you are asking to keep a secret. In simple terms, parties keep information confidential by promising to do so. Friends, family, organizations, and governments agree to keep secrets every single day. Yet the probability that they will keep their promise is a function of leverage. For example, how valuable is the friendship? As a smartphone developer, can I afford to be outside the Apple Ecosystem?

We've also recently been adapting to a world of social media—one that allows us to talk more directly with stakeholders across multiple channels. Decisions about what to share and with whom are becoming more routine, thereby prompting organizations to establish more policies around these questions. There is also an emerging pattern for corporations to develop relationships that allow them to move people from the unknown public—where they might be talking to competitors and potential collaborators—to a variety of qualified or trusted statuses, ranging from prospective partners to employees. At each stage, organizations are figuring out what level of detail they can comfortably share to advance a discussion, revealing more detail as relationships evolve to more traditional, trusted statuses.

SOMETIMES YOU DON'T NEED TO GO OUTSIDE

Some larger organizations don't need to look outside. With thousands of employees, they already have trusted participants. Existing employment relationships offer the necessary trust and security for sharing detailed information. Much of what we cover with regard to information sharing applies equally well to challenges involving external talent and to challenges designated for employees only. We will also see how writing briefs cleverly can enable even the most guarded organizations to share information with the public and still net tremendous results.

Of course, when working through issues of confidentiality to do crowdstorming, the challenge is to determine how much detail organizations can share at each level to allow them to reach the best people.

FROM CONFIDENTIALITY TO COMMUNICATION STRATEGY

In Chapter 1, we described how the Starbucks Betacup asked participants to help them find ways to make paper cups disappear. This presented Starbucks with an opportunity to explain what they were already doing internally and with partners. By sponsoring the Betacup,

Starbucks was able to clearly convey their focus on sustainability and their desire to pursue a range of strategies to solve the problem of paper cup waste. This was a case where sharing more detail to reach more stakeholders had a communications and a public relationship benefit, too.

Despite the potentially positive communication aspects of the challenge, Starbucks first had to consider the issue of intellectual property. They were concerned about what might happen if an idea was submitted and they were already working on a similar concept. Would they—*could* they—be accused of stealing the idea? If they wished to develop the idea, would they be taking a legal risk?

Starbucks solved the problem by using the following method. They required participants to concede up front that Starbucks may have already developed similar ideas—or that Starbucks might develop ideas similar to those participants submitted, even after the challenge.

As it happened, the winning entry further complicated the issue of intellectual property—the idea was not a product innovation but a *behavioral change* idea. As we described it, every tenth person who came into a Starbucks location with a reusable mug received a free cup of coffee. Each location tracked the project for all to see, encouraging dialogue while customers were waiting in line for coffee—which kept the issue of sustainability at the forefront of all coffee drinkers' minds on a local basis. Going into the contest, the Betacup did not specify whether the idea needed to be patentable (as P&G does) or if they were simply seeking a design idea (as in our Triple Eight example).

Still, while many ideas can be patented, many cannot. And this sets the stage for perhaps the most complex issue that you will need to discuss and consider within your organization—intellectual property rights.

MORE INTELLECTUAL PROPERTY CONSIDERATIONS

Let's revisit our smartphone battle between Google and Apple. In the case of open source software, neither Google nor Apple needed to acquire IP; however, they did need to abide by the rules laid out in various types of open source licensing agreements for accessing and using the software. They also did not need to own apps developed

externally to benefit from their functionality—a legal structure that enhanced the appeal of both companies’ operating systems. But, as we saw in our earlier discussion, it was still important to own IP in order to limit what competitors could do.

When Google determined that wireless handheld devices would be an important focus, they bought Motorola’s wireless division, Motorola Mobility, and took ownership of over 17,000 patents, which could help defend against challenges to the Android operating system. Google took advantage of Motorola Mobility’s long history of technology innovations and its large portfolio of IP focused on wireless devices. This is a classic example of a traditional process for acquiring outside IP.

Google, Apple, and P&G are not alone as they search for ways to acquire and access IP. In fact, the intellectual property owners association (IPO) publishes an annual list of the top patent owners for the year.⁷ Organizations on this list are serious about obtaining and enforcing intellectual property rights. Google was ranked 47th; Motorola Mobility, 101st. But it is interesting to note that some of the organizations succeeding with crowdstorming approaches are also highly ranked IP owners—GE (ranked 11th) and P&G (ranked 88th).

The following is a summary of some of the ways in which organizations get access to the IP they need—other than creating it themselves:

- *Licensing*: P&G provides a good example here. Broadly they have focused on two approaches:
 1. If a company or individual has patent, copyright, or trade/servicemark protection for their IP, P&G encourages submissions to an open challenge and is ready to discuss licensing. They have done this successfully with over 1,000 organizations.
 2. If a company or individual does not have formally protected IP, P&G welcomes submissions but only if the idea has been developed into a product or service that P&G can purchase or license; any other ideas can be submitted, but P&G will not consider compensation and people submitting ideas do so as a recommendation that will be owned by P&G once it is submitted.

- *M&A and Investment*: In Chapter 1, when we discussed GE's Ecomagination Challenge, we saw that GE was very transparent about their approach to IP: They stated up front that, along with their partners, they would consider a variety of alternatives for acquiring IP. The main difference between this approach and P&G's approach was that they offered an investment option. Participants had the opportunity to have their ideas reviewed and to retain ownership of them. Rather than focus on licensing opportunities, GE focused on *partnerships* (for further development, sales, or marketing, for example). But importantly, they were also focused on investment opportunities—the ability to have a stake in the entities that were already being built to capture the value from IP.
- *Partnership*: A number of new models ask for contributions in return for some share of the outcome. Triple Eight, for example, used a crowdstorm process to identify partners they wanted to work with. Once they identified the idea they were going to produce, the winner would receive a share of the revenue from each sale. LEGO's Cuusoo process also results in winners receiving revenue shares.
- *Ownership/Beginning of Crowdstorm*: Another new model comes from InnoCentive, an open innovation company that runs Ideation Challenges for companies, governments, and public institutions. They operate in a broad range of domains, such as engineering, computer science, math, chemistry, life sciences, physical sciences, and business, and frame these projects as *challenge problems* for anyone to solve. By submitting to some Ideation Challenges, a participant agrees to provide the company running the challenge on InnoCentive with a "royalty-free, non-exclusive perpetual license to use [submitted] ideas." No one besides InnoCentive and the sponsoring company reviews the ideas. The participants who win receive a cash award. The risk of disputes over IP is resolved for the company. Participants are compensated if they win; if they don't, they don't have to worry that anyone other than the company involved will view their ideas. In addition, they continue to own all other rights in the IP not granted under the license.

- *Ownership/End of Crowdstorm:* Finally, some platforms run challenges for companies that allow participants to retain their IP after submission and until the company selects their *idea to own*. All other submitted ideas belong to the participants—though in many cases they agree to license or sell the ideas according to specified terms if they are selected as a condition for submitting those ideas. Organizations that elect to organize their open challenge this way accept that participants who submit ideas in the open call structure often view the process as spec work. In other words, they know that it requires effort on their part, and the prospect of giving away an idea that is not selected for use can appear unfair. Unlike traditional models—where the same handful of providers are usually asked to participate and have the prospect of realizing paid work at some point as an incentive—the open call model has no guarantee of a next opportunity for an external audience.

DON'T LEAVE LEGAL TOO LATE

Given the range of licensing options—as well as the possible variety of ideas that organizations can receive—it is critical that legal departments become part of the crowdstorm process as early as possible. IP strategist Jackie Hutter makes this point when discussing these challenges: she says it is important to integrate legal counsel on the front end of the innovation process in order to minimize time delays and cost run-ups, and to prevent “unfortunate surprises when the lawyer ends up putting the proverbial kibosh on a project due to legal issues that are only found out by the business team when they finally run the idea past their lawyers.”⁸

Successfully inviting outside groups into situations where IP might be involved (made available for purchase, or created in a joint process) generally involves working with business-minded lawyers who understand the potential upside and are also prepared to explore the available options to manage risk. Hutter concludes that rather than acting as a traffic cop for the business, IP counsel should set forth guard rails within which a business team should drive their innovation processes. As long as the business team stays within this range of activities in their innovation processes, “risks can be managed and surprises avoided.”

BRINGING IT ALL TOGETHER

It is probably clear to you by now that successfully setting up work with outside talent is going to require conversations with a number of internal stakeholders before you can get going. At a minimum, you will need to meet members of your legal, marketing, and R&D groups. Since castle strategies still tend to dominate the approach to innovation, we offer examples of ship tactics throughout the book. The context above should help with the thorny, practical reality of tackling specific IP, confidentiality, and brand issues when opting for the business benefits offered by crowdstorming with outside talent.

The issues of intellectual property and branding can intersect in strange ways. One need only look at the ongoing interaction between Google and their hardware partners versus Apple. Although Apple recently received a favorable ruling against one of Google's hardware partners, Samsung, there is a mixed result in the court of public opinion. For Apple fans, this is further affirmation that Apple is an innovator, with the Android simply copying their innovations. Google fans offer a very different argument: that Apple is desperate to slow the competition that has already overtaken the Cupertino company in global market share. While it is unlikely that many organizations will see intellectual property discussions become the source of mainstream media debate, it is worthwhile to note how almost *all* actions can result in media coverage, or, at a minimum, conversation on the social web.

Therefore, when discussing matters of intellectual property and reaching a broad audience, it is important to consider new issues of fairness. It is one thing to demand tough terms behind closed doors; however, these terms can have negative consequences for the brand when they're published for the world to see.

As we indicated earlier, a significant part of managing legal risk depends on how you structure the brief—specifically, what you share about what you are trying to do, as well as the terms under which you would like to interact with outsiders. How you ask a broad audience of external talent to work on your challenge is critical in managing risk.

In the next chapter, we look at how organizations have crafted their tasks for an open and virtual audience.

CHAPTER 3

Ask the Right Question

What new technologies, processes or business models can help consumers use energy more wisely and improve our energy balance?

—GE Ecomagination

Tricorder Prize

—X Prize Medical Device Challenge

Make paper cups disappear.

—Starbucks Betacup Challenge

Show Triple Eight how their next snowboard helmet should look.

—Triple Eight Challenge

Make your dreams come true.

—LEGO Cuusoo New Product Idea Request

Submit a business plan.

—Sequoia Capital New Business Idea Request

Design a jewel box of an ultra-low-footprint apartment in 420 square feet (~39 square meters).

—LifeEdited Design Challenge¹

“It could just fold up and fit in your pocket,” explained Toby Daniels, as he sketched the outline of his idea for a folding cup. Toby was trying to solve a problem. Based on his research, he had determined that reusable coffee cups were inconvenient, but necessary. If instead, more people elected to reuse coffee cups, we would not need to throw away billions of paper cups each year.

So began a long discussion about our paper coffee cup problem—it was the genesis of framing the call to action for the Starbucks Betacup challenge. Eventually, the *Crowdstorm* authors and a large group of advisers, idea contributors, voters, media outlets, and Starbucks joined Toby.

Our first conversation and problem framing evolved to explore all the other ways in which we might reduce paper cup use, initially by focusing on reuse. As we discussed possible solutions, we began to understand that we were not only looking for a collapsible cup. We might want to encourage new product or service or communication design. We needed to find a way to frame the question to allow for a broad range of responses and to explore a variety of possibilities.

We arrived at this conclusion by considering a number of very rough questions and possible answers. We did this by looking at the problem from multiple perspectives.

We introduced the *Business Model Canvas*² in Chapter 1 to explore the potential impacts of crowdstorm processes on business models. Tools like the *Business Model Canvas* help us to revisit and test key business assumptions and, in doing so, often reveal new questions and gaps that might yield a broad variety of interesting responses from outside talent.

For example, we can use the *Business Model Canvas* to review how reducing paper cup use might be addressed via changes to Key

Key Partners  + Working with local governments on recycling + Working with cup manufacturers on recycling cup materials + Working with leading academic institutions to find new solutions	Key Activities  + Can we build on the success of programs like My Starbucks idea?	Value Propositions  + Can we make it easier to reuse cups and reduce the need for recycling? + Can we make it easier to recycle?	Customer Relationships  + Can we ask customers to help us to encourage behavior changes? + Can we reward "good" behavior?	Customer Segments  + Can we find additional partners by looking to our customers? (designers, engineers, marketers, artists, analysts, etc)
Key Resources 		Channels  + Can we efficiently generate awareness and ultimately participation?		
Cost Structure  + Can we deliver new solutions in a way that does not significantly impact current cost structure?		Revenue Streams  + Can we make changes without putting core coffee drinking experiences + revenue at risk?		

Figure 3.1 Business Model Canvas—Understanding the Potential Impact of New Ideas from the Betacup Challenge

Source: Alexander Osterwalder and Yves Pigneur, *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers* (Hoboken, NJ: John Wiley & Sons, 2010).

Partners, Key Activities, Key Resources, Value Creation, Customer Relationship, Channels, and Customer Segments. This can help to expand our question to include changes to areas that might ultimately impact the problem at hand—reducing paper cup waste—but also the impact on behavior, revenues, and costs.

As we discussed the Betacup challenge, we understood that Starbucks was already working with Key Partners via another initiative at MIT called the Cup Summit. Since 2009, the Cup Summit has led to a number of recycling initiatives, as well as a proof of concept showing how paper cup material can be recycled into new cups. Based on this effort, it seemed clear that there might be room for more options (that is, asking people to reuse cups versus throwing them away). But there also seemed to be an opportunity to invite customers to take part in the process.

Beyond this, we began to understand that there were a number of ways to approach the issue of making paper cups disappear. For example, some channels might allow participants to approach the issue with different communication ideas. Or customers might take on different roles as partners and give them specific tasks to help with recycling or reuse. Thinking about the overall value proposition opened the possibility to change behavior and make it easier to reuse cups (the very genesis of Toby's collapsible cup idea).

Considering these various approaches helped to expand the range of possible answers—from a problem of how to make a collapsible cup to a more broadly defined problem of *how to eliminate paper cups*. And this changed the call to action.

In Chapter 1, we also saw how GE's Ecomagination challenge expressly asked for technologies, processes, and business models that covered a broad swath of possible approaches to sustainable energy. GE broke the problem down in order to focus on different partners' roles—for example, generation and distribution of electricity. But they also asked for solutions that focused on rethinking relationships with customers.

The Ecomagination and Betacup challenges are examples of framing problems to explore more approaches across the *Business Model Canvas*. Triple Eight's desired outcome initially appeared to be related to a very

specific goal: to create different graphic designs as a way to distinguish skating and snowboard helmets. In fact, what Triple Eight's CEO was seeking was an entirely new interpretation of the Triple Eight brand—one that set it apart by adding something beyond the all-important, but industry standard, message of safety and comfort.

The company believed that this approach would yield promising results because there were likely groups of people who loved to skate who were also designers. The winner turned out to be a skater—more specifically, a *derby girl*.

The *Business Model Canvas* is one effective way to ask what areas of your business might benefit from more ideas and help open the range of solutions your participants can consider.

It is the first step in inspiring external talent to engage in the crowdstorming process.

DO YOU WANT A SKETCH ON A NAPKIN OR A STARTUP

Once we have a good feel for the breadth of the question, the next step is to determine the maturity of response you are looking for: Do you want a finished product or are you just seeking the kernel idea that will require additional investment to make it ready for production? Starbucks knew that they were looking for “the art of the possible”—and were therefore open to investing additional time and resources to make the ideas happen. The people running GE Ecomagination were interested in investing or partnering, and were therefore seeking ideas that had moved into some phase of production—for example, a prototype, or a business that already had some customers.

One way to understand this continuum is to look at people who invest in ideas all the time—specifically, venture capital firms. Every day these groups review ideas and make decisions about what to fund. They are ultimately looking for a return on the money they invest, so their ideal opportunities can come in a range of states—from very early and promising teams and ideas that do not require very much capital but have much to prove, to later stage and more

mature businesses that require much more capital (but also have a lower risk of failing).

Sequoia Capital is one of the leading venture capital investors in the world. They receive ideas in various stages of development every single day. YouTube was just an idea when Sequoia began working with the founders. Google, on the other hand, was further along; a version of the search engine was already running, which allowed the founders to demonstrate the value of selecting Google over other search engines—very tangible proof of an idea that was already succeeding. How good is Sequoia at picking ideas? They estimate that 19 percent of the NASDAQ's value is made up of firms they have funded.³ So: pretty good!

To evaluate ideas, Sequoia asks those who submit their business plans to anticipate a number of questions, including:

- Is the problem well understood?
- Will the solution solve the problem?
- How big is the market (and, thus, how big might the business become, if it succeeds)?
- Why is now the time for this (since business is often too early or too late to address an opportunity)?

While some of the best ideas began as scribbles on napkins, evaluating and testing these ideas requires much more work. Most pitches Sequoia receives will fail to meet one or more of the criteria they use to filter ideas. A working prototype might prove that a company can solve a problem; however, there might still be questions about whether the market is ready for the idea. Or a business might be operating well, but the market might not be large enough to enable a good return. A prospective firm might offer a valuable service, but the cost to sell and market it might make it too expensive to provide value to enough customers.

To address the challenges involved in asking for and reviewing ideas, Sequoia categorizes them into different levels of maturity. Seed stage ideas are, as the name implies, idea kernels: they represent businesses that are just getting started and that face some risk before they can fulfill their potential. On the other end of the spectrum are growth stage

investments, which represent much more than ideas. These businesses are already running, and have answered many of Sequoia's questions with ample real-world data in the form of customers, sales, market share, and growth rates. Sequoia is phenomenally good at understanding the potential of ideas; however, they also look to balance risk. They know that early-stage ideas have a lot more ways they can fail, compared with later-stage businesses.

Organizations that are framing questions for crowdstorm challenges need to decide, like Sequoia does, how much execution risk they are willing to take on. If your company seeks to explore the *art of the possible* and you frame a call to action for seed stage ideas—kernels, concepts, and perhaps the enlistment of open call participants who have submitted these ideas—then you need to be comfortable with the long and risky road ahead. It is cheap to start and can be expensive to finish in terms of time and money. As you look for more mature ideas, individuals, or teams, those who respond to your challenge will, understandably, seek more compensation because they have reduced risk for you in moving from concept to production of the idea. In other words, you will pay more for ideas that are more mature or you may not be able to own them at all, but simply partner or purchase a stake in an existing entity.

Let's turn to some of the cases we have explored so far. GE's Ecomagination challenge set out to find the best emerging technologies to achieve a number of different corporate objectives. Like Sequoia, GE was comfortable taking on the role of investor. GE based their assessment of the value of ideas submitted on their ability to invest and ultimately own a share in the organizations that provided those ideas. Beyond investment, GE was relying on others to produce the ideas, so that they could focus on other areas—like distribution, marketing, and sales. GE recognized that they were already strong in these areas and that finding new products and services to sell would be another way for them to benefit, beyond direct investment.

This contrasts with our discussion in the previous chapter regarding P&G's focus on licensing ideas through their *Connect and Develop* online work environment. Like GE, P&G has very strong distribution and marketing capabilities. But their perspective is different from GE. Their *Connect and Develop* program is not focused on investing in existing

organizations, although they have programs for this. Instead, P&G's *Connect and Develop* program assumes that if someone has an idea to solve one of their problems, P&G will license the idea and figure out how to produce it at the scale necessary for their business operation. Historically, this has worked very well for a range of products from soaps to drugs. (It is less clear whether this works for services or communications, where the ideas might be harder to encapsulate in patents.)

Table 3.1 highlights the different ways in which organizations access ideas, from licensing to investment, and also shows different stages of idea maturity in each case.

MORE THAN ONLY ONE OUTCOME

According to former P&G CEO A. G. Lafley, “Innovation is a social process. And [it] can only happen when people do that simple, profound thing—connect to share problems, opportunities, and learning. To put it another way, anyone can innovate, but practically no one can innovate alone.” Lafley made this statement in regard to P&G's decision to open up their innovation process.⁴

The “social process” of open innovation not only gives rise to ideas; there are other results, as we highlighted in the first chapter. We have seen four other ways that the crowdstorm process generates value: identifying talent partners (that is, the people behind the ideas), generating conversations (about the ideas), selecting ideas (based on feedback and evaluation of ideas), and strengthening relationships (with stakeholders, such as customers and suppliers).

It is easy to understand the relationship between ideas and talent. While an organization might choose not to benefit from a specific idea, there remains an opportunity to establish a relationship with the individuals or groups responsible for the idea. Next, we provide a snapshot of a few implications that should help in structuring calls to action when looking beyond ideas.

CAUSING CONVERSATION AND BUILDING RELATIONSHIPS

More things matter in an environment where people can share and discuss commentary and content—from how organizations respond to

Table 3.1 Different Approaches to Accessing Ideas at Different Levels of Maturity

	Investment	Partnership	Licensing
Seed	Plotwatt received seed funding of \$1 million after winning the GE Ecomagination Challenge in 2011 for enabling the monitoring of residential energy usage.	LEGO Cuusoo shares 1 percent of revenue with creators of Lego Minecraft idea. After selecting the winning ideas, LEGO continues development and testing before beginning to sell the product in 2012.	Starbucks licensed the winning Betacup idea, continued development, and then tested prototypes in select US stores.
Early		After initially licensing the winning idea for the development of a sustainable apartment remodel, Graham Hill of LifeEdited (see case study below), formed a partnership with the winning participant, to create additional low-footprint detailed designs leading to the apartment remodels.	Triple Eight licensed a design of their new helmets. The design required some production investment.
Growth	GE and other investors invested \$40 million in Soladigm, another winning entry in the Ecomagination Challenge. Soladigm had successfully created smart windows that help increase energy efficiency.		P&G licensed an existing product that was being produced in Japan—this product is now being marketed and distributed by P&G as the Swiffer Duster.

customer issues, to what they choose to support. Asking questions can be an important way to signal how important an issue is to both your organization and to a broad community. For example, there were significant media opportunities with the GE Ecomagination and Starbucks Betacup challenges, since both initiatives signaled that the companies were focused on specific sustainability issues.

The content was valuable for solving the problem and also for communicating something about the brands. Additionally, these challenges were open to anyone. The launches generated excitement and were widely covered in the media and discussed on the social web, as were the subsequent announcements of winners, deals, and launches. In short, these brands generated value just by asking the questions. Additional visibility for participants is a plus, and something we will revisit in the next chapter when we discuss motivation and fairness to participants. Shaping the brief with an understanding of content is not only important as a solution but as a media vehicle as well.

LEARNING FROM THE REACTIONS TO IDEAS

One aspect of the crowdstorm process that is easily overlooked is gathering feedback to help filter ideas. LEGO's Cuusoo process exists to explicitly ask the crowd to help identify the best ideas. The calls to action in this case are requests for participation as well as idea submissions—engaging those who vote as well as those who submit ideas. In the process, LEGO learns about the attractiveness of ideas and also establishes a core group of initial advocates and customers before they have invested anything to bring the ideas to market. As we will discuss in more detail later, these discussions have implications far beyond the specific ideas—they impact and shape relationships between participants and the organizations facilitating the conversations.

INSPIRE, DON'T INSTRUCT

So far, we have focused on establishing the outcomes you seek as well as the maturity of the ideas you wish to receive. We have also suggested that other products of the social process should shape calls to action.

However, a great deal of success also depends not just on what you ask for, but *how* you ask for it. And while it certainly helps to say “please,” there are some other elements that will help too.

Critical differences exist between communicating with large groups (thousands or more people) and communicating with the smaller groups we typically work with (where 100 might be defined as a large project team). First, once you interact with much larger groups, you cannot make the same assumptions about what people will understand. Prospective participants may not share much common understanding of your organization’s strategy, philosophy, or values. You will have to do more to ensure that participants are inspired and have a clear idea of what is expected of them. And you need to do this efficiently because the channels you will use to communicate will afford you less attention than our usual options for communication with our internal teams.

At this point, you might realize that this is not very different from a request for proposal (RFP), and you are right. There is a lot we can learn from RFPs.⁵ Many of the components when framing questions have been in circulation and used by various disciplines for a long time. They have been adapted from approaches as old as the Socratic method with its emphasis on *open* and *ongoing questioning* that allows for inquiry from *many vantage points*. The components have become part of the fabric of professions as diverse as scientific investigation (with its focus on testing and measuring outcomes) and legal inquiry (with its emphasis on creatively exploring the contours of currently held positions), as well as for how RFPs are shaped.

Although understanding the relationship between briefs and outcomes is not yet fully researched, early studies suggest that inspiration is critical. Working with Stanford University’s Center for Design Research and the association of Danish designer Søren Petersen and Peter L. Phillips, an attempt was made to quantify the relationship between briefing attributes and results.⁶ Increasingly, they found that context was critical to performance, and that most briefs lacked even the basic elements of strategy and context, and focused mostly on performance-related issues such as process (the *how* elements).

Desirable strategy elements include corporate philosophy and values, as well as level of ambition and desired impact. As we already

noted, these are the kind of things you can assume your colleagues know; outsiders—particularly those external to the organization—likely will not. Strategy might also include current desired competitive advantages or a vision for how an organization plans to compete in the future. Contextual elements tend to highlight key stakeholders, broader environmental and social concerns, and time-to-impact measures such as viability and feasibility.

We found this emphasis in many of the cases we have discussed so far. GE made a great effort to focus on what they were looking for in solutions. They provided a clear explanation of the potential value, as well as the challenges of renewable energy for each of three categories in the challenge. They also made their ambitions clear: what might the world look like if we could solve this problem. And, while they offered little guidance on how one might achieve the solutions, they did explain how they would evaluate submissions: how much impact the proposed solutions could have and whether or not the idea might be brought to market at a price appropriate for their benefit and the approach's overall uniqueness.

We see similar characteristics if we look at the Betacup challenge, where the brief clearly expressed the desired end result—no more use of paper cups. The brief did not focus very much on *how* the outcomes should be achieved, though they did highlight areas where Starbucks was investing time and resources. The brief also provided a significant amount of context, including overall philosophy, examples of the types of innovations sought, and social considerations.

AVOID DETAIL DELUGE

Graham Hill had a vision in 2009. As CEO and founder of TreeHugger (a leading media outlet dedicated to bringing sustainability ideas to the mainstream), he wanted to help people create urban living spaces that would give them “more money, health, and happiness with less stuff, space, and energy.” He wanted to launch his new venture, LifeEdited, in a unique way. He:

purchased an apartment in New York City with the express purpose of showing that people could have everything they needed using less (and better) stuff and space.

Graham had big dreams for the small space (430 square feet to be exact): dinner parties for 12, accommodations for two overnight guests, a home office, a home theater with digital projector and, befitting his background, it had to have very clean air and be built in an environmentally responsible manner. To make this dream a reality, the web-savvy Mr. Hill called on the crowd-sourcing platform *jovoto* and marketing firm *Mutopo* to launch a competition to design the first space.⁷

When we met Graham to discuss the project, we received a deluge of requirements and inspiration—he had been thinking about the design for the apartments for a while, and he and the *TreeHugger* team had covered many types of low-footprint living ideas—from transforming furniture to insulation. After evaluating how to use current technologies, they believed that they could achieve an 80 percent reduction in energy and water use; and they had developed detailed requirements outlining what they believed was necessary to achieve this outcome right now.

Based on these extensive requirements (one spreadsheet described 57 of them!), Graham had been preparing to begin work with an architect to design one of his apartments. He also worked with us to consider the alternative of doing an open call soliciting design ideas from a global community of architects, engineers, and designers. In order to do this, we discussed how to reframe the requirements to reduce the brief's complexity while ensuring that he met his overall goals. However, he wanted to do so in a less prescriptive way that allowed for more creative flexibility. So we set ourselves a task of making certain that the creative community felt they had an opportunity to make the design their own—while simultaneously ensuring that Graham's design requirements were met.

To do this we worked with Graham to modify the call to action in three ways. First, we anchored the challenge by grouping the long list of requirements into broader themes. After a number of iterations, we arrived at the following:

- Substantial reductions in energy, material, and water use are possible if one can live in less space.

- Make a small space versatile enough to have attributes similar to a larger space.
- Digitize *everything*.
- Emphasize access to items versus ownership of them (e.g., appliances and the need to store possessions).
- The ability to transform the space where possible (e.g., movable walls, and other adaptations).

To these themes, we added evaluation criteria. Successful designs needed to meet standard criteria: the design had to address key requirements. It also had to meet the following specific guidelines:

- *Replicability*—Could the design be repeated in similar spaces with a reasonable budget? Would this design get people to consider living in this type of space, from an economic perspective?
- *Aesthetics*—Would the design look good in 25 years? Would it make us want to leave large and love little?

The response to the design challenge was amazing—with over 300 diverse submissions from all over the world. And the submissions drove even further refinements: the team posted entries throughout the challenge period on the TreeHugger site that provided continual feedback to the creative community. The feedback helped to refine the direction of the challenge and helped improve the designs.

Graham chose to open the competition to the public. This prompted not only a large group of architects and engineers to submit ideas, it also attracted an influential audience who used social and traditional media to disseminate content about the challenge and raised awareness of LifeEdited. Widespread online conversations and media coverage took place, resulting in more than 15,000,000 media impressions across publications such as the *Huffington Post*, *Fast Company*, *Good*, and *Discovery News*, as well as Twitter and Facebook.

And, as it turned out, this approach didn't just help Graham explore a broad variety of designs for the apartment and ultimately find what he'd

been seeking. He also found a new design partner—the contest’s winner—who worked with Graham to design his second apartment.

USE CLEAR EVALUATION CRITERIA

Evaluation criteria provide an essential way to shift the focus of a brief—from figuring out how to solve a problem to determining what should be achieved. In the case of LifeEdited, Graham included a checklist of attributes but also provided broad “-ilities” like *replicability* and *feasibility*. Graham’s success was not just a function of solving the issues of designing the apartment. It also ensured that solutions could work for many more apartment designs to achieve his goal of giving more people options to live lower-footprint lives.

As we discussed, Sequoia Capital makes use of a range of criteria to spell out the attributes they will test for—from size of the addressable market to questions about market timing. However, Sequoia does not specify the type of business. They have invested in everything from retail to search, from database software to online video. They are focused on the *attributes* that make these business ideas interesting.

Evaluation criteria broadly fall into two categories. There are some measurable elements; for example, does a design contain a specific component, achieve a specific price point, or complete an action in a given time? In some cases, we need to make assumptions. For example, when Sequoia decides on the future opportunity for video services, they need estimate how much advertising revenue they will be able to realize based on the amount of inventory necessary and at what price the advertising can be sold.

Other criteria are much more subjective—for example, selecting the best graphic design, the best new LEGO set design, or the best script for a TV advertisement. Expert judges, creative directors, or a voting process use these criteria as markers to assess results.

An easy way to think about this is to imagine Olympic competition. Winners for many events are declared by virtue of how far they throw or how fast they run—in other words, easily measured criteria. There are some assumptions (for example, no performance drugs are involved, which can be tested). Many other activities, however, have judges that use *some*

criteria to evaluate performance—think of diving or certain gymnastics competitions, where there are also elements of subjective evaluation.

Evaluation criteria set the boundaries for ideas by letting participants know where to aim versus how to get to the desired end goal. We will look at using evaluation criteria in more detail in Chapter 9.

X PRIZE TRICORDER CHALLENGE—THE IMAGINED FUTURE

“Imagine a portable, wireless device in the palm of your hand that monitors and diagnoses your health conditions. That’s the technology envisioned by this competition, and it will allow unprecedented access to personal health metrics. The end result: Radical innovation in healthcare that will give individuals far greater choices in when, where, and how they receive care.”⁸

This is the introduction to the X Prize Tricorder challenge. The X Prize Foundation raises money to establish rewards in a number of different categories, from space exploration to health care. The Tricorder challenge demonstrates a very smart bit of storytelling and conveys how critical narrative is to asking good questions.

The Tricorder reference was designed to conjure up a very specific vision of a device—one that so far only exists in the fictional universe of *Star Trek*, the epic science fiction series. The brief used the reference to provide a vision of the future that would inspire the challenge’s participants. The brief contrasted the vision of the realities of today—21 days to wait to see a doctor in the United States—and an average visit time of two hours. Many of these visits were simply to collect information—something the X Prize wanted to see happening via a real Tricorder.

The Tricorder Prize is an important introduction to the last set of attributes of a great call to action—storytelling.

STORYTELLING AND POSSIBLE FUTURES

Good RFPs and calls to action share traits found in narrative. Framing a question to inspire creative problem solving often requires that you

develop a story line that takes the audience—your participants—from point A (the status quo) to point B (the resolution). Many stories work because the storyteller makes the improbable seem inevitable; the narrative moves us to a conclusion that inspires, delights, or instructs. Managers who can compel teams to look for innovative answers are often good storytellers: they frame questions to help teams find the narrative thread that leads them from the expected (or status quo) to the unexpected solution.

One additional benefit of a good story is *pass along value*. People share or pass along great stories, resulting in greater awareness and ultimately more participation and good ideas. Jonah Peretti—who co-founded the *Huffington Post* and, more recently, BuzzFeed—knows something about what makes people share. He has built media properties that create stories that people want to share.

In an interview in May 2012,⁹ he suggested that the new currency in the social world is emotional intelligence or, as he put it, “being able to think, ‘When I share this, how does it make me look? Can I make my friends happy or inspired or more informed by sharing things with them?’” The Betacup, GE Ecomagination, LEGO Cuusoo, Life-Edited, and Triple Eight briefs inspired participants to feel good about sharing. When we look at participant sources, social web channels proved very successful for recruiting—more about that in Chapter 6.

Here are a few other important techniques that we have touched on.

Language needs to be jargon-free in order to engage as wide an audience as the organization deems feasible to get good ideas. For instance, P&G avoids talking about chemical compounds when they’re seeking new product ideas. They are interested in the end state solution and are careful to avoid defining the outcome by the chemistry to get there. When Graham defined his brief, he did not layer in the engineering detail required for meeting the requirements; instead, he focused on the goal of efficient sustainability and left it to the architects, engineers, and designers to provide the detail.

An open call also demands that an organization consider how transparent it thinks it can be with its information. It needs to balance the desire to engage lots of people with the risk of sharing information

with people it does not know—and take into consideration the competitive implications of this. As we think about the participant lifecycle, we must think about what we can disclose to get attention and what might ensure consideration. Once people participate, we have the option to propose additional terms before sharing information—it is not uncommon to require nondisclosure agreements to learn more about the details of a brief.

Finally, we will discuss the role of partners to create coalitions. Very often partners can provide unique perspectives to help shape and refine briefs.

BRIEF TAKE AWAY

Good calls to action share a number of characteristics: clearly defined outcomes and the desired maturity of responses needed, the right level of detail required to engage the community, transparent evaluation criteria, and the right story and vision to inspire external talent to participate and deliver great results (see Figure 3.2.).

These are the attributes that can help you test whether you have a solid call to action. The call to action is just one part of the equation. Convincing participants to join your crowdstorming effort also requires the right mix of incentives. Let's look at this next.

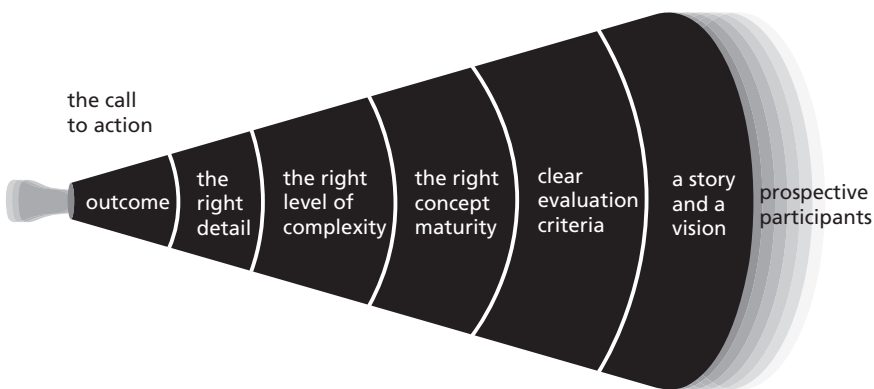


Figure 3.2 Characteristics of the Call to Action

CHAPTER 4

Fair Incentives to Motivate

*We know nothing about motivation. All we can do is
write books about it.*

—Peter F. Drucker

They filled a stadium, but they were not there to watch. They were auditioning, joining the roughly 10,000 people around the United States.

Since 2002, these massive tryouts had become the norm because of a simple promise: a fast track from obscurity to fame and fortune. For over a decade, *American Idol* demonstrated that it could discover talent from a seemingly endless stream of aspiring performers and set them on a track to stardom. *American Idol* winners have succeeded in almost every way that matters for musicians: they have gone on to win Grammys, made it to the top of Billboard charts, and even garnered Academy Awards—attaining success seemingly overnight.

American Idol has tapped into an age-old promise: all things are possible if you have the talent. While the motivation for some may have been sex, drugs, and rock and roll, for others it was the drive to build massive personal brands that could lead far beyond music to everything from fashion lines to sports franchises.

But first, you have to be a star.

In the past, talent discovery in the music world was largely hidden from public view. It took place in small clubs and behind the closed office doors of a select few king- and queenmakers. Music industry insiders were constantly seeking out and promoting new talent.

But *American Idol* turned this whole process inside out.

The program is unlike any other music talent finding process to date because those who buy the music (the fans) also get to vote for those who will ultimately win the prize. Experts publicly share feedback and advice—sometimes offering inspiration but often judging with brutal honesty.

Each year, as contests move through the final rounds, fans can phone in or text their votes for their favorites. Most people are familiar with this process: those with the least votes are eliminated, while those with the most votes go on to the next round. Eventually, a winner is crowned during the final showdown. The process ensures that those who don't win the ultimate prize will still net enough TV airtime and media from the show to receive a variety of benefits. In the past, participants who failed to win the grand prize still won tours and signed record deals. *American Idol* has also ensured that this is well understood—so while contestants may not like the odds of winning it all, they still have a shot at some major fame.

How well does the *American Idol* model work? It is one of the highest ranked US television shows of all time.¹ The winners receive recording deals and management contracts as well as other contracts. The top 10 participants get to go on tour and earn six-figure sums for their participation. And many of the winners are now household names.

American Idol achieves a range of outcomes that we discussed in the previous chapter. They find talent, get feedback about the music products, and create a great deal of conversation (and entertainment). And they get much more than a potential star: by the end of the process, they have developed a brand name—a style, a persona, fans—and they can set about selling tickets and records with little additional development risk and effort.

MANY WAYS TO JOIN IN

What is at the heart of *American Idol*'s success? It seems that the show's producers understand the key elements to motivating a range of participants. It is easy to understand why participants endure the various knockout stages of the competition: this process is a fast track to fame and fortune. And the system has shown that it works; each year, the show proves that it can create superstars in full view of the public.

But the participants are just the start. The audience is doing more than simply watching; they are *taking part* in a process from which they had always been excluded. They have never before had a say in deciding which musical acts are picked, nor had they had an easy way to

show or mobilize support for their favorite performers. But *American Idol* has tapped into a desire to participate, to own part of the process, to have a say in what happens. Long before social media enabled anyone to share their thoughts and opinions, this show's producers understood this important need.

By providing a mechanism for audience members to participate, *American Idol* succeeds in some important ways. They are getting feedback about what the audience likes as well as encouraging viewer commitment. This is more than market research; it is an expression of support and a sign that there is an intention to buy music, merchandise, or concert tickets.

This is how you beta-test superstar potential.

WHY DO WE PARTICIPATE?

InnoCentive was one of the first firms to provide organizations with a platform to post some of the most challenging problems for experts to solve. Far away from television studio environment of *American Idol*, InnoCentive quietly brings together a different type of superstar—scientists, economists, biologists, or engineers. But, like *American Idol*, InnoCentive has been addressing challenges with crowds for more than a decade. On any given day you might find issues on the InnoCentive platform that range from materials science to economic policy. In most cases, the format is simple—a question is posed, and *solvers* submit responses to the questions. Unlike *American Idol*, there is usually no audience or voting. The responses are reviewed by the organizations that ask the questions—the *seekers*, as InnoCentive calls them.

It may be easy to understand the allure of superstardom in the world of *American Idol*—but why do problem solvers solve problems at InnoCentive?

In 2006, Harvard Business School professor Karim Lakhani² first surveyed solvers who participated in InnoCentive challenges. He found three main motivations:

1. *Problems that matter*—people want to work on problems that will impact society.

2. *Peer engagement and recognition*—people want to be recognized for solving a problem.
3. *Money*—not always for its own sake, but often because it is used to signal how important a problem might be.

This mix of incentives makes sense if we think about traditional employment. For *solvers*—those who submit ideas in open challenges—the effort and time commitment is often significant; so it is no surprise that the incentive mix is close to what we have come to expect for full-time employment. At work, we might have one colleague who is focused on financial rewards and another who just wants to work on the most meaningful projects. And depending on their mission and culture, different companies might emphasize one facet over another.

But there is still much we do not understand, even about compensation for full-time employment.

In the late 1990s, Daniel Pink began to explore an interesting trend in the United States. More and more people were choosing to work for themselves. The notion of *free agents* comes from sports in the United States—players who do not have a contract to play for a specific team, and are therefore free to pick new teams. Pink noticed that an increasing number of people were electing to be free agents. His work toward understanding the *Free Agent Nation* (the eventual title of his 2002 book) would lead him to delve into what motivates this new breed. After all, why take the risks of striking out on your own if there are good-paying jobs to be had?

In his 2009 work, *Drive: The Surprising Truth About What Motivates Us*,³ Pink reviewed decades of scientific research on human motivation. While Lakhani had addressed the importance of incentives such as money, working on socially worthy problems, and receiving recognition, Pink identified three additional motivating forces:

1. *Autonomy*: the ability to work independently of “command and control” structures.
2. *Purpose*: the desire to respond to a higher calling.
3. *Mastery*: the desire to become better, to improve.

Autonomy fits perfectly with what we see as a driving force for involvement in crowdstorming—in general the crowdstorm process is opt-in. Unlike many full-time jobs, participants can choose whether or not to participate or at what level to join in—from creating to offering feedback. The simple option of choosing to participate is very powerful; in fact, this is something that makes open challenges so attractive in the first place.

Purpose certainly overlaps with Lakhani's findings, because it is often associated with doing something that will contribute value to society. Great examples of meaningful work have been gathered by Adam Grant, a Wharton School professor who has shown that people are likely to perform much better when they understand who they are working for.⁴ For example, Grant conducted a series of tests with a group of school fundraisers. He was able to double the number of weekly calls—and ultimately increase their weekly revenue—for one of them by introducing the fundraisers to a single scholarship student who had previously benefited from their efforts. In another situation he showed radiologists pictures of the patients whose X-rays they were reviewing. Radiologists usually view X-rays in disconnected circumstances; they might see a name, but never a picture, so they aren't as connected to their patient. The consequence, when they saw a picture of the person they were treating, was better diagnostic results. Meaning and purpose are powerful motivators. Recall our discussion about context and storytelling in the briefing process? Professor Grant's research confirms why this is so important.

Mastery involves opportunities to get better, to improve and, as such, focuses more on the process of participation than the end result. Mastery is a function not only of providing opportunity based on the task but of working with other people to improve skills. In a simple contest structure, people work independently, then submit their responses. Winners are announced, but usually with little feedback. The *American Idol* process turns this structure on its head by exposing participants to ongoing feedback, and offering an opportunity to learn from the judges and the audience responses.

Opportunities for mastery depend on lots of interactions—receiving a great deal of feedback to learn and improve. As we will discuss later, some crowdstorm formats allow participants to gather

feedback from multiple stakeholders—celebrities, domain experts, their peers, or potential customers. As feedback increases, complex work environments evolve; in fact, many online environments begin to mimic familiar office environments with a mix of work and social, formal, and informal interactions.

THE POWER OF CONNECTION

Beyond the work that Dan Pink covered, there is another critical factor: *connectedness*. This is perhaps one of the trickiest factors to pin down because it is a function of how others respond to you; that is, it has most to do with the other people who are also participating. Fortunately, we now have many online, large-scale examples to help us understand connectedness. We can look to one of the most successful of these to provide a useful example of what happens when we adjust critical connectedness variables.

In 2009 a number of sources began to report on a problem at Wikipedia, the online “encyclopedia that anyone can edit.” Despite increasing growth, editors were leaving. More specifically, new editors were electing not to stay longer than a year. It had been typical that 40 percent of editors would continue, after one year of work, but researchers found that this number was dropping at an alarming rate. Only 10 percent of editors were choosing to continue participating after one year, signaling an alarming fourfold decrease.

Wikipedia found that they had a problem with *connectedness* between participants in the Wikipedia environment. When editor retention was high, activities on the Wikipedia platform included lots of feedback between participants of two main types, teaching and expressions of appreciation. When the retention rate faltered, researchers found that positive feedback had largely evaporated, replaced by lots of criticism and warnings. This created a clear line between insiders and outsiders—between the core editors and those that might become editors. The core editors had made it difficult for new editors to connect—and in doing so they threatened the growth of the Wikipedia community. Wikipedia has taken the lesson to heart and now fosters connectedness as a core part of the ongoing strategy. We will discuss this further in Chapter 8.

GOT GAME—BREAKING DOWN INCENTIVES

With the above research in mind, we reviewed successful crowdstorming activities. We found that they generally provide some mix of the following elements: Good, Attention, Money, and Experience:

- *Good*: Unlike working within a traditional organization structure, intrinsic factors are important and significant drivers for many external participants. People are motivated by the opportunity to work on something they believe contributes to the social good—even without the prospect of monetary gain. We will look at organizations that have established prosocial crowdstorming challenges focused on solving environmental issues, improving communities, and focusing on health and wellness. These opportunities to do *good* are also good for connectedness and meaning—and given the complexity of many of the issues, these are also opportunities for mastery.

There are many ways that one might define *good* projects; they usually begin with social issues that bubble up in areas such as sustainability, health and wellness, social enterprises, social and economic inequality, and education. All of these cases involve groups of people who are motivated by the potential to make a real change for others at a local level, and sometimes a global level as well. Indeed, many of the cases we have seen so far fit this definition: Starbucks Betacup reduced paper cup waste; LifeEdited developed low-footprint living space; GE Ecomagination found more sustainable approaches to energy; Wikipedia editing shared and enhanced knowledge. We will look at a few others below.

- *Attention*: Another key intrinsic incentive is recognition. There are a number of ways to achieve this—from awards events to media coverage, from internal recognition within a specific community to setting up expert juries with well-known judges. The important component is to get attention for participants beyond their current network—whether this means exposing them to a broader community of like-minded professionals, or a network that could lead to further job opportunities, or the

general public. Attention is one of the core drivers for *American Idol*, but also for InnoCentive's rock star solvers. The chance to be featured as a LEGO designer is another unique and exclusive form of attention. And since GE understood that Ecomagination participants would respond to visibility with key influencers and decision makers in the sustainable energy field, they highlighted this as part of the contest promotion, alongside the financial rewards.

- *Money*: The promise of financial gain is the key extrinsic incentive. But not all financial incentives are created equal. Just like compensation packages for full-time employment, there are many ways to structure financial compensation, and we offer some guidelines to help ensure fairness. As we discussed in the previous chapter, contributors with mature ideas will have very different expectations from people proposing concepts. Further, in cases where there is a subjective component to the evaluation process, it is important to consider how to assess contributions (we will discuss this in much more detail in Chapter 10). Again, there is no real surprise here; most successful organizations go to great pains to ensure a fair review process since these are linked to compensation.

Figure 4.1 outlines the commercial expectations of participants and organizations in transactions.

Terms should reflect a range of anticipated outcomes. Organizations should anticipate scenarios where parties have differing expectations. In the simplest case, nobody sees value and so there is no further development. There are many reasons why participants might not wish to pursue commercial development of an idea, so organizations need a way to transfer rights so that they are free and clear to do so. In some cases organizations might choose not to move forward; therefore participants need to have a way to secure rights to continue commercial development. The most complex case is when both parties want to move forward with commercial development. This is ideal since it illustrates a shared belief in the potential of the idea, but it also means paying careful attention to deal structures that allow for a shared upside if both parties invest.

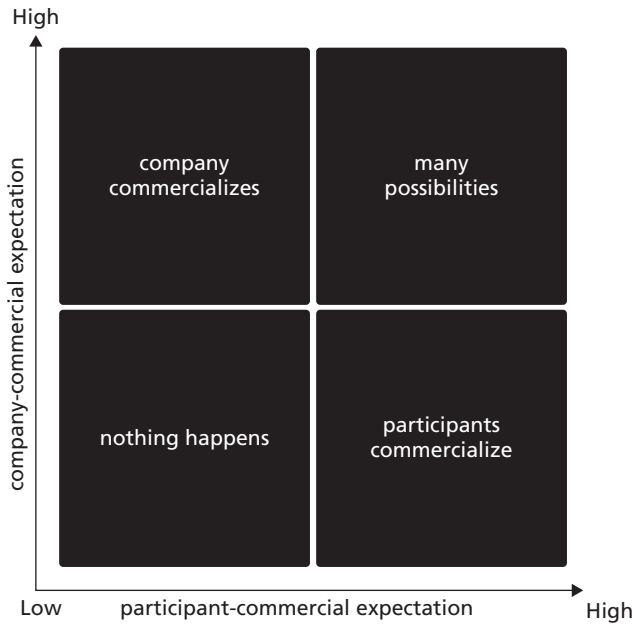


Figure 4.1 Understanding Commercial Expectations

The following are some common forms of financial rewards:

- *Prizes for winners:* The most traditional challenge format rewards the best responses with prize money. Beyond compensation, the prize needs to signal the importance of an issue. Offering small cash rewards for ideas that stand to greatly benefit an organization will no doubt be met with cynicism. While winner-takes-all models are common, it is also usual to see prizes distributed across categories or a number of top positions. The number of winners who receive money—and the amount rewarded—depends on a number of factors: the type of task (commercial vs. social good), its complexity (how much time is required to complete the challenge), the type of organization sponsoring the context (for example, is this a Fortune 500 company or a small company or a non-profit), and the other incentives involved could affect the determination of the financial rewards.

- *Contracts and partnerships*: A contract reward offers the opportunity for a working relationship with the sponsor. This tends to shift the focus from the idea to identification of talent. In this way, it is most like the award structure used in a traditional RFP process. It will be familiar to a wide range of disciplines including management consultants, architects, advertising agencies, and software developers.
- *Revenue shares and licensing*: Organizers tend to make use of revenue sharing agreements when they want to emphasize shared risk and reward. While architects and advertising agencies may struggle to directly connect their efforts' value to things like revenue or saving, this is simpler with other work. For example, designing a product that will sell multiple units enables a per-unit compensation model. Triple Eight employed this model for the winner of its helmet design, and LEGO follows a similar model. Looking back to our discussion about smartphones, revenue shares are at the heart of the arrangements between Google and Apple and their app developers.
- *Equity investments*: Equity investments were a core incentive in the GE Ecomagination challenge and are the typical model for venture investors because they provide the broadest way to participate in the value created by great teams (versus the revenue sharing model which is typically attached to a single product or service). Equity investments are powerful motivators for larger challenges where the deliverable is likely to require the creation of a new organization.
- *Experience*: The opportunity to work on a challenging problem is a significant incentive for external communities. Working for a large brand can provide exposure as well as the chance to fill out a portfolio. It is also an opportunity to connect, since the experience is a function not just of *what* you are working on—but *whom* you are working with.
- *Learning experience*: No matter what the challenge, the chance to hone skills and network with participants who will make comments and critique work can often provide

value that outweighs extrinsic incentives. The feedback that LifeEdited gathered from peers and expert judges, for example, provided a different type of work environment for participants since most architecture contests don't involve opportunities to improve during the process.

- *Social experience*: From small actions, like a simple positive vote, to more complex social interactions, considering who else is participating and how you interact with them, can be a good reason to participate. Interacting and connecting with other people has its own intrinsic value—building networks is important to most people.
- *Playful experience*: Play can do much to enhance an experience, and *game-ification* is the term often used to describe this. *Game mechanics* aim to bring the playfulness of games into other environments in an effort to encourage specific behaviors. In many of the cases throughout this book, we have referred to crowdstorming environments that use point systems. These systems are modeled on games in a very direct way—awarding points for the most desirable behaviors. These points are then linked to different rewards—from payouts to exclusive access to particular crowdstorming activities. Game mechanics signal status and achievement for other players. In Chapters 7 and 8, we explore in more detail how organizations can use different patterns of interactions and game mechanics to encourage desired crowdstorm outcomes from high-quality feedback to identification of talent.

The GAME framework highlights the different ways people get value from their participation. We can find more than one of the elements in most of the cases we explore in this book.

MOTIVATING THE CROWD INSIDE YOUR ORGANIZATION

Our discussions so far have focused on a specific type of crowd: external talent defined largely by the fact that they are *not* employees of the

organization initiating the crowdstorm process. However, larger organizations are often able to tap into hundreds or even *thousands* of their peers.

We know that motivating external audiences is a balancing act between intrinsic and extrinsic incentives. Inspiring participation across internal groups has some additional complexity. Extrinsic rewards play a somewhat less pronounced direct role where financial rewards are certain (for example, salary structures, commissions, and so on). However, participants still want to understand how participation and the associated recognition will work alongside their traditional compensation and evaluation process—and this in turn links directly to future opportunities and compensation.

Intrinsic motivation is essential for internal crowds. While focusing on *good*, *attention*, and *experience* yields the best results, organizations need to recognize contributions alongside traditional job performance so that the established hierarchies' needs do not crowd out the incentives to participate across a network (in other words, outside the traditional hierarchy).

DELIVERING ON YOUR PROMISES

Apple and Google worked with two groups of outside participants: they relied on software from the open source community for the core of their respective mobile operating systems and, at the same time, established different relationships with app developers. While their compensation structures are very different, both Apple and Google had to constantly check to ensure that they rewarded each group fairly.

Put another way, anyone working with outside talent has to show an absence of bias and a healthy dose of balance between the needs of the organization and external talent. There are a few critical elements needed to ensure that the value exchange is fair:

- *Clear terms*: Establish the rules that govern compensation.
- *Transparency*: Help people understand what specific terms are, why they are this way, and the reasons behind decision-making.

- *Track Record*: Demonstrates commitment to fairness by delivering on expectations.

Without these elements, there can be no trust that promised incentives will be delivered. And even if they are delivered, the process will likely remain in question if the terms have been unclear—or if there was insufficient visibility into the process to deem it fair.

Let's look at each of these in a bit more detail:

- *Clear terms*: We talked in the last chapter about the need for organizations to evaluate how open they choose to be with their information when framing a challenge. However, the clarity regarding crowdstorming terms is nonnegotiable. Organizations must clearly articulate, reinforce, and adhere to critical expectations about the challenge: timeframe, incentives, privacy, IP ownership, the motivation for the challenge (for example, whether the anticipated outcome for ideas is to generate media for the company), what the organization and platform can and cannot do with posted information, comments, and more. Once a creative community signs up to work on a challenge, the community manager needs to reinforce the appropriate behavior from the community—and the community must stick to the terms established (more on this in Chapter 7). The dynamics of fairness play out when the terms and motivations for a challenge are clearly stated and continuously reinforced throughout.
- *Transparency*: The integrity of a contest based on transparency builds trust, which leads to enthusiasm from external participants. How an organization elects to treat IP ownership will impact whether or not an external community feels their work is being treated fairly. In our chapter on legal issues, we discussed the importance of finding a balance between managing competitive risks and handling IP of external communities, respectively, when reviewing incentive structures.

Beyond IP ownership, there is the question of transparent decision-making. *American Idol* benefits from public voting to some extent because it gives the appearance of a better

process than simply letting the expert judges make all decisions. This is not cynical; there are surely biases in the voting, not the least of which are voter demographics. But voting plays an important role in giving people a stake in the result—some ownership in the process of deciding. Later on, we talk about a DARPA (the United States Defense Advanced Research Projects Agency) challenge that uses a simple, familiar approach—a race. If you are first to cross the line (without breaking the rules), you win. We will talk more about evaluating fairly in Chapter 9.

- *Track Record:* We depend on brands to make decisions, since they signal to us what we might expect in the future. The most trusted brands assure us that they will not only make a promise, they will also deliver on it. The greatest brands of our time, such as Google or Apple, assure us that when we choose to invest time or money in their services, we will be delighted with the result. They have established a track record of delivering on their promises. One particularly interesting aspect of modern brands is that there is no place to hide—from online reviews and search results to feedback from our peers. Customers quickly discover which brands fail to deliver on promises. Similarly, those that *do* deliver are readily embraced. It is hard to overstate the role brands play in assuring the best participants, ideas, and, ultimately, results. As the *American Idol* example demonstrates, consistent starmaking is a sure way to become the best brand in the starmaking universe.

A track record of delivering on promises is a critical characteristic of a brand. When organizations deliver on promises, we happily commit and remain loyal. The same is true for brands that work with outside talent. No matter what the incentives, their ability to deliver on the promises they make ensures ongoing access to talent and ideas—while a failure to deliver can cut you off from talent.

The many elements of incentive schemes remind us of chemistry—many combinations are possible and they each attract different combinations of participants.

money														brand			
1	Li license	good										2	Rv relevant				
3	Pr prize	4	Su sustainability	attention		experience		fair		tone		record		transparent		5	Tr trusted
6	Co contract	7	He health	8	Aw award	9	So social	10	Pr process	11	Re respect	12	Hi history	13	Cs consistent	14	Un unique
15	Fi finance	16	Ed education	17	Me media	18	Le learning	19	Te terms			20	Pf proof	21	Op open	22	Cu culture
23	Pa partner	24	Sy society	25	Ct contacts	26	En entertainment					27	Cr credible				

Figure 4.2 The Table of Incentives

It is not quite a science, but hopefully Figure 4.2 serves as a helpful reminder of what elements to consider in your incentive scheme.

Let's look at a few more examples of how organizations have motivated external talent through the chemistry of motivation.

DARPA—MASTERS OF OUTSIDE TALENT

One of the most successful brands leveraging crowdstorming to get innovative ideas is a United States government agency. They have demonstrated time and again that they are able to find and motivate the best talent and ideas in response to some of the most challenging problems.

On March 13, 2004, racers competing for the first time in a new race lined up in the Mojave Desert. The race organizers, DARPA (the United States Defense Advanced Research Projects Agency), were interested in understanding the current state of robotics or, more specifically, the possibilities offered by driverless cars. As the race got under way, some of the contestants did not get off the start line; ultimately, none of the competitors completed the race.

But this was DARPA—the agency that gave birth to the Internet. They have established a reputation: they are able to deliver on a promise. Doing good work for DARPA can pave the way to many great things. Therefore, it was no surprise that almost 200 participants registered when the race was run again in 2005. After a number of qualification events, this time 23 robot cars lined up to take up the challenge on the morning of October 8, 2005. The winner emerged almost seven hours later when Stanley, the robot car, successfully crossed the finish line. Developed by a team from Stanford, Stanley was awarded a \$2 million prize.

Now this is where the story might end for most challenges; but for Stanley, this was just the beginning. What followed was an explosion of media interest, with Stanley's team leader, Sebastian Thrun, at the center.

The winning robot car and the Stanford team were featured in *Wired* and *Scientific American*—among many others.⁵ Thrun was named to *Popular Science* magazine's *Brilliant 10* as one of the 10 best

and brightest minds in all of science. He was interviewed by Charlie Rose, and the team was covered on CNN with documentaries produced by NOVA. When asked how the victory changed his life, he responded, “Oh, big time! It is even changing Stanford as a university.” Thrun cited the various collaboration projects that came out of the race, including new links with the automotive industry and plans for a new, on-campus, 8,000-square-foot research facility. After the win, *Wired* magazine declared Stanley the number one robot of all time. He beat out 50 other real and fictional robots for this title, ranging from *Spirit*, NASA’s Mars rover, to *Transformers*’ Optimus Prime. Stanley is now at the Smithsonian Museum of American History.

What Thrun did *not* anticipate was that winning the challenge would lead to him working for Google. A few years after the DARPA challenge—and after Thrun began at Google—the website revealed to the *New York Times* that its fleet of robot cars had driven 1,000 miles without drivers based on Thrun’s work.⁶ Thrun appeared at the annual TED conference (TED is a global set of conferences formed to disseminate *ideas worth spreading*) in early 2011 and described how the driverless cars had by then driven over 140,000 miles. In 2012, the Google team obtained the first license for a driverless car in Nevada—less than a decade after DARPA issued the first challenge.

Of course, a great deal of development has happened since the DARPA challenge. Even so, it’s hard to overstate the role that *attention* played in the winning team’s fortunes. DARPA delivered on its promise: participants can depend on them to generate attention through media and attract prospective funders for the challenge winners.

INCENTIVES FOR SUPPORTING ROLES

DARPA runs a particular type of crowdstorming project: they usually focus on one type of contribution that they can evaluate against a specific goal—for example, being first to complete a designated task.

In contrast, we have seen other cases—like LEGO Cuusoo, GE Ecomagination, and *American Idol*—that are based on more complex evaluations of ideas and people by other types of participants.

Incentives need to focus not just on the big time-consuming roles like idea submission, robot building, or singing, but also the supporting roles. The problem with motivating supporting roles has to do with scale. It is not uncommon to have a great number of participants fulfilling these roles. DARPA had 200 teams who wished to compete in the robot challenge. LifeEdited and Betacup received ideas that numbered in the hundreds, but participants who were offering feedback and rating ideas numbered in the tens of thousands. Ten thousand people vote on a single idea for LEGO Cuusoo.

We will discuss participation roles in detail later on; however, it is important to think about how to encourage these other contributions. And establishing a reward structure for them means measuring participation.

QUIRKY—TRACKING AND REWARDING DIFFERENT TYPES OF CONTRIBUTIONS

Quirky is a consumer products company that uses crowdstorming to find, evaluate, and refine ideas for new products.⁷

Consider a recent example: you excitedly remove a new gadget you've purchased from the box, then get ready to charge it. You have one more space on your power adapter, but there is no way to reorganize the current adapters and cords to let you access that free spot. If you are thinking, "but someone must have solved this by now," you would be right. Or, you would *almost* be right. In fact, thousands of people submit ideas to solve problems like this every day at Quirky, and other people—including Quirky employees—vote on these ideas to influence which are produced. The idea to solve this particular problem was called the *Pivot Power* adapter—and it was developed via Quirky's crowdstorming processes in 2011. In 2012, it was awarded the Red Dot design award, a prestigious international product design competition based in Germany.

But where did the Pivot Power come from?

It was invented by Jake Zien with the help of Quirky and *855 other people*. How does Quirky know that this precise number of people helped to bring this idea to life?

Quirky has built a platform to measure how people contribute to the product development process. They then use these points to calculate how much to pay people each time a unit of that product—such as the Pivot Power—is sold. By June 2012, almost 250,000 units of the Pivot Power product were shipped and almost \$300,000 had been paid out as a share of revenue to the 855 people who had contributed.

Unlike XPrize or GE Ecomagination, people grant all the rights to their ideas with Quirky in exchange for a minimum revenue share associated with being the idea inventor. Submitters have some ways to reacquire the rights if Quirky does not use the idea. And, unlike XPrize or GE, *anyone* can join in and try to make the product more successful in a variety of ways—from coming up with a better design to helping find a market.

So while some inventors might try to bring their own products to market and own it all, others will prefer Quirky's approach. They'll reason that owning 15 percent of the revenue is incentive enough—especially when coupled with the fact that they will get a lot of help with the design and have the opportunity to achieve much more success producing and marketing their idea. In fact, Quirky goes to great pains to enable people to calculate their likely income by giving some parameters—including how much they influence an idea and how many units are sold at the retail and wholesale levels.

There is also the matter of being credited as the inventor, and having not just your name but also your face on the packaging. So even if you don't find the revenue share idea that compelling, there is the added benefit that you may become known in retail outlets and homes around the world.

Quirky's model for motivating talent has succeeded—and is now even influencing mainstream retail. When Quirky was starting, items were sold online with modest product volume and revenue yields. Today, they count large traditional retail partners such as Target, Amazon, and Toys "R" Us among their retailers. And through this coalition, they can deliver on larger rewards to Quirky contributors.

FINAL THOUGHTS ON INCENTIVES

Understanding what motivates your desired participants is the key to establishing the right incentives and setting up successful crowdstorms. The *American Idol* example shows how innovation is always possible—even in a well-established industry—if you can come up with an effective incentive formula for finding new talent and ideas. The GAME framework helps us imagine the mix of possible incentives.

But incentives alone cannot do the work. Participants need to believe that an organization will deliver on its promises; clear terms and transparency are critical in these kinds of interactions. Finally, it is easy to overlook the supporting contributions—comments, voting, recruiting—to name just a few. And, rewards require measurement in this area; so, as you add layers of contributions, you need to ensure that you can measure them.

The complex mix of incentives offers a first glimpse into the mix of skills and resources necessary to make crowdstorming work. Incentives often drive the need for coalitions to help plan, organize and operate crowdstorm processes.

Let's see specifically how this works.

CHAPTER 5

Build the Coalition

*Prepare to see exclusive Threadless products at
GAP stores starting at the end of February!*

—Jake Nickell

This is how the founder of Threadless, Jake Nickell, introduced a new partnership with GAP in January 2012.¹

For over a decade, Threadless has been an online forum for a community of artists to submit t-shirt designs. Today, the community creates artwork for many more items, from smartphone covers to water bottles. Threadless invites their community to submit designs, often in response to specific themes or challenges. And the community participates in other ways, by voting on submissions and providing feedback as well.

Threadless uses this feedback to select winning designs, reward winners, produce the t-shirts, and sell them via Threadless.com (and their retail store in Chicago). The model has been successful for Threadless. Crowdstorming provides them with a ready stream of fresh ideas and allows them to deliver products with good margins that have been vetted by a creative community. It also provides artists and designers with a great opportunity to make money. Threadless awards cash for the winning designs.

So why would Threadless want to partner with a mainstream retail giant like GAP?

THREADLESS + GAP

Why? This was the question Jake answered on his blog and in interviews.² First, partnering was a way for the Threadless community to get more exposure for their work. Threadless presented GAP with about 100 designs for the first run of shirts. While there may have been concerns that Threadless was selling out, every designer they notified

agreed to license their work to the GAP. So the partnership provided additional opportunities for more people to see the community's work (delivering the *attention* and *experience* parts of our GAME framework, described in Chapter 4). In fact, artist biographies appeared on the clothing labels, giving the designers even more *attention*. This was not just a strong signal to the existing community, it also reached prospective participants: If Threadless selects your work, you have an opportunity for visibility and exposure at a scale not easily achieved anywhere else. It sounds a lot like the promise of *American Idol*. In this way, Threadless is not just making t-shirts and accessories: they are making superstar designers.

For GAP, this presented an effective way to benefit from the results of working with a creative crowd without having to develop many of the capabilities internally. By partnering with Threadless, GAP could bypass most of the processes we are describing in this book while still reaping many of the benefits—including access to talented designers, and an effective filter to help them select the most promising designs. From a branding perspective, GAP also had the opportunity to celebrate the people who make their clothes. For a long time, there was really no connection to the people responsible for designing the clothing in their stores. But the Threadless relationship has allowed GAP to showcase both fresh work as well as the people behind it. The artists' names and images appeared prominently in GAP stores (and on merchandise) along with the message, "Make Great Together."

GAP is just one type of partner for Threadless. They have expanded the role of partnerships through *The Atrium*, which features Threadless collaborations with brands ranging from Disney to the Brain Tumor Foundation. Many of these partnerships go beyond giving people and organizations the ability to distribute more, or gain enhanced fame and recognition. They offer creatives opportunities to be personally inspired by, and contribute to, important brands and missions. This added motivation further encourages great creative work for Threadless, its partners, and the Threadless community.

SORTING OUT WHO DOES WHAT

One way to appreciate the value coalitions provide is to understand how different partners can help in each phase of the crowdstorming process.

For example, Table 5.1 breaks down the GAP + Threadless relationship to show their respective roles in the context of each of the chapters of this book.

The idea of coalition building is not new. We do this all the time in our various organizations. Internal IT and business departments will partner to tackle problems by combining their respective resources—expertise, needs, networks, and access to funding. Coalitions between different organizations are also common; partnerships to solve inter-company R&D, supply chain, and product development issues are examples where various organizations in the business process perceive benefit from agreeing to improve that process. The partners in these cases each play important functions in setting the objectives, sharing the funding, giving the project credibility, or providing the skills necessary to complete the particular challenge.

In the crowdstorming process, we have noticed some recurring coalition patterns with regard to specific types of organizations and capabilities. In the following sections, we will discuss the types of organizations we find in successful crowdstorming coalition structures.

MEDIA PARTNERS

Recruiting for crowdstorming (which we will look at more closely in the next chapter), looks a lot like what media planners might encounter at an advertising agency. Media planners understand where to find people, who are likely responding to what you are offering from physical space, to their preferred source for morning news. Media Planners understand how to identify the locations with the highest likelihood of having the right people.

So, it should be no surprise that media partnerships are a very common part of coalitions where outreach to external talent as crucial to their success.

Table 5.1 Threadless + Gap Coalition Structure

Task	Threadless	Gap
Ask the right question	“Maybe you feel strongly about protecting the planet. Or maybe you feel strongly about protecting the planet . . . from alien invasion . . .” —from the first GAP + Threadless brief. Threadless guided the election-themed challenge, understanding their community’s need for creative freedom.	GAP worked with Threadless to develop a challenge-based theme that aligned with their broader store themes.
Fair incentives to motivate the crowd	Threadless’s standard incentive is \$2,000 in cash and \$500 in Threadless gift cards for purchased design.	GAP provided an additional incentive of \$10,000 cash award, a \$500 GAP gift card, and a \$500 Threadless gift certificate to the winning designers. Working with partners like GAP allowed for a much wider distribution of the artists’ designs. Further, the GAP store installations highlighted individual designers and garments, including designer names. The underlying assumption: More distribution equals a more compelling incentive to participate.
Build the coalition	This example has a relatively simple coalition of just two parties. But Threadless has experimented with a variety of partnership models over the years—so it is likely that they were able to guide discussions about how GAP should work with the community.	GAP saw the benefit of leveraging the experience Threadless had and was able to increase realized benefits by partnering.

(continued)

Table 5.1 *(continued)*

Task	Threadless	Gap
Recruit the best participants	Threadless brings their relationships with 1.8 million participants built over 10 years. They understand how to reach large numbers of designers and inspire them to action.	GAP used multiple channels to promote participation, from encouraging voting in stores to promoting opportunities for new submissions.
Managing communities to facilitate great outcomes	Threadless took on most of the community management, from explaining the project to designers to helping to make a final selection.	
Understanding participant contributions	At part of their platform, Threadless tracks a number of member contributions—from ideas submitted to voting style.	
Select the best ideas	Threadless's platform relies on a voting process to understand what designs are most popular with the community. This has proven to help Threadless sort through about 1,000 submissions each week. First, managers review the top-scoring designs. Then, based on the average score and community feedback, Threadless judges select designs.	GAP provided a judge to work with Threadless to review the ideas based on the public votes, adding an additional layer of filtering against GAP brand guidelines.
Choose the right online space	Threadless's Atrium platform provided the right online environment for this challenge. From voting to messaging, the platform has been successfully used in various incarnations for more than a decade. The space and associated processes are already well known to the Threadless community and easy to understand for newcomers.	

Media partners have already aggregated communities of interest—groups of people who are thinking and talking about specific issues. For example, Core77 is a resource for the design community that covers industry-related news, such as award-winning designs and emerging thinking. They regularly discuss design challenges and introduce their community to contests. And they are a resource for designers in other ways, such as hosting their portfolios and connecting them with new job opportunities.

But an organization like Core77 can do more than directly support recruiting. Their brand is well respected; therefore, an opportunity to have one's work featured in their selective news coverage is highly desirable. In this way, Core77 lends a hand in making good on the promise of *attention*. They have repeatedly demonstrated that they will promote the best designs from crowdstorming challenges; these selections represent the “content” that their community wants to see, while giving the winning designers the visibility and attention they desire.

Core77 is just one specialty media partner. Nowadays, specialty communities cover everything from sustainable energy and resource management to data visualization. Having these media partners as part of a crowdstorming coalition can be essential to attracting the right participants.

EXPERT ADVISORS

Known experts can play a number of important roles throughout the crowdstorm process. Domain experts, for instance, provide excellent sparring partners when creating the call to action and their personal brands can underscore a particular initiative's importance as well as commitment to expert evaluation. Involving a well-known professor, technology evangelist, or “rock star” designer affords *social proof* of a challenge's importance and integrity. Much like a celebrity endorsement, participation of known experts tells people that they can likely trust the organizers of a particular crowdstorming project to deliver on their promises.

Experts play another important role. There are often challenges that have feedback as a key component of the crowdstorm process.

Also, final evaluation will often require some expert and subjective consideration in order to select a winner. Getting these experts involved signals that the process will not only be fair but will also include feedback from an industry or topic specialist. Experts provide very practical support through the evaluation process that also tweaks participant interest. Getting feedback from known experts is powerful motivation to participate. (We will look in more detail at how this plays out in Chapter 9, where we discuss the process of evaluating and selecting the best ideas.)

FINANCIAL UNDERWRITERS

As we discussed in the last chapter, financial incentives are a necessary component of crowdstorming. We mentioned cash, acquisition, and funding alternatives—all of which can receive a boost with partners.

GE Ecomagination is a case in point. The company provided strong monetary incentives, and the additional financial options that GE's well-known and respected venture capital coalition partners offered made the challenge very compelling. In addition, GE benefited from their coalition partners' expertise in early-stage investments.

At the end of Chapter 4, we also discussed Quirky (the industrial design company that uses crowdstorming to create new products). As part of their process, they have been building coalition relationships with partners, one of whom is retail powerhouse Target. Quirky's model can help to paint a clear picture of a variant on financial underwriting partnerships.

Participants in Quirky's design and development process earn a share of the brand's product revenue. Partnering with Target, with their 1,767 US stores, allowed Quirky and their external design community to greatly expand their marketing and distribution network and therefore unit sales, a critical component of the revenue sharing model.

While Target might not be a financial underwriter for Quirky in the way that GE's venture investors were, access to Target's distribution and marketing enables higher financial upside for Quirky and its participants. It's yet another win-win.

ONLINE SPACES AND COMMUNITIES

So far, the benefits of building a coalition have focused on three primary areas: developing the call to action, incentives, and recruiting. These are all essential factors in launching the crowdstorming process. However, partners play a critical role in making everything work—specifically, by providing the right technical space and community organizing skills.

While we haven't yet discussed online spaces (we do this in Chapter 10), we know that organizations need technology platforms to make online work environments function. Specifically, they are necessary in order to enable the processes and community management that will organize the work. It is important to understand that most organizations, as they begin the crowdstorming processes, will benefit from finding partners who cover one or both of these objectives.

In fact, there are a number of organizations begun in the past 10 years that have experience in these areas. We have already met some of them: LEGO Cusoo, Quirky, Threadless (GAP), jovoto (Life-Edited, Starbucks Betacup), Brightidea (GE Ecomagination), and InnoCentive are just a few examples of groups that have built spaces and organizational processes to drive successful crowdstorming projects. We will meet more as we continue.

We will talk a lot more about crowdstorm patterns, community management, and online spaces, but for now it is worth noting that these types of partners can be valuable to your crowdstorm coalition.

PRODUCTION PARTNERS

After the crowdstorming process, you are left with ideas that could range from concepts to patents—it is less usual to have a team that will also be able to realize or produce their idea. Whatever their stage of development, they will need help to become real. And it is *very* easy to underestimate the risk and challenges that emerge just when you think you have reached the end.

In many cases, such as Threadless or LEGO, your organization might be responsible for production. In other cases, you might frame a

problem in a way that makes the participants responsible for production—such as GE Ecomagination or Sequoia Capital. Later in this chapter, we will talk more about how LifeEdited benefited from production partners. Similarly, Quirky includes specific steps in their crowdstorming process to review ideas with production partners—another way they give ideas a higher likelihood of being realized.

As you can see, the benefits that partners offer depend a great deal on your organization. We typically see smaller organizations making more use of partnerships, while larger firms can do more internally or with existing partner relationships.

COALITION ROLES FOR EACH PHASE

Figure 5.1 provides a review of the opportunities for coalition building in the context of each of the book chapters. It provides a rough guide to what types of partners can be most helpful during specific parts of the crowdstorm process. The size of the bars suggests the partner's ability to contribute during a particular phase. It should help you imagine some possible collaborators as you conclude each chapter.

These are the tasks and roles by function that you need to consider. Keeping this structure in mind, let's look at a couple of the case studies we have discussed thus far to demonstrate some of the ways organizations have worked together to build coalitions to enhance their crowdstorming challenge. We will also evaluate how each partner derived value from participating.

LIFEEDITED—COALITION FOR A STARTUP

The goal of LifeEdited was to design an urban living space that would give people “more money, health, and happiness with less stuff, space, and energy.” The goal was not only to tap into external talent to get ideas, but to help launch a new company, LifeEdited. Graham Hill, the founder of LifeEdited, needed to achieve the tasks of promoting a newly created brand, attracting expert external talent, funding the project, and managing and executing the project.



Figure 5.1 Coalition Partners Contribute Value by Crowdstorm Process

Graham Hill had two goals: to find great ideas for the design challenge, and to launch LifeEdited by raising awareness about low-footprint living. Activating TreeHugger, Architizer, and Core77 to help recruit the right participants and leverage the challenge's content for promotion provided huge visibility for LifeEdited—specifically, over 15 million media impressions during the challenge. It also provided these sites with a focused forum for their members to work on a challenge that was meaningful to them and took advantage of their capabilities. As a large corporation, Cisco's sponsorship provided additional credibility for the challenge. Cisco benefitted as well: the challenge helped highlight the ways in which technology might help to reduce our footprint by enabling us to work remotely and live with more of our content available online versus physical media taking up space in our homes.

Partnering with companies like Jovoto and Mutopo, who brought the space, community and expertise to deliver crowdstorming projects, provided LifeEdited with a complete solution. Jovoto and Mutopo benefitted by receiving fees for services—and gave Jovoto's creative community the chance to work on a meaningful project. Outside jury members provided *attention* to participants and brought expertise to evaluating the results.

Graham built a coalition to deliver on this. Table 5.2 is what the partnering and sponsorship looked like.

GE ECOMAGINATION—FINANCIAL AND TECHNOLOGY PARTNERS

When GE launched its \$200 million Ecomagination project, they invited innovators to submit their best ideas for new and better ways to create, capture, manage, or use energy, they were looking for two things: breakthrough thinking and talent. They recognized that despite the incentives their brand could provide—GE's capabilities such as distribution, brand, and capital—they needed more. So, they invited premier venture capital funds Emerald Technology Ventures, Kleiner Perkins Caufield & Byers, and Rockport Capital to participate. In addition, they needed to team with an organization that could provide

Table 5.2 The Large LifeEdited Coalition

Task	Lead	Media Partners	Space and Community	Experts + Sponsors	Advisor	Expert
	<i>LifeEdited</i>	<i>TreeHugger, Archbitizer, Core77</i>	<i>jovoto</i>	<i>Cisco, Resource Furniture, MecboShade, Strida</i>	<i>Mutopo</i>	<i>Well-Known Jury</i>
Ask the right question	Created detailed requirement.				Helped shape the brief to expand participation.	
Fair incentives to motivate the crowd	Provided incentive structure: \$70,000 cash, contracts, and products.	Featured best ideas on sites; brands provided credibility.		Brands provided credibility; Cisco and Strida provided product: iimi Telepresence system and Valet router along with a Cisco WebEx annual subscription and Flip cameras; Strida provided Thinbike.		Partners brought together a rock star list of designers to provide a jury for the challenge. Jury members were known across the design and architecture spectrum incenting participation.

(continued)

Table 5.2 (continued)

Task	Lead	Media Partners	Space and Community	Experts + Sponsors	Advisor	Expert
Build the coalition					Project management: identified/ coordinated coalition; managed execution.	
Recruit the best participants	Graham promoted the challenge at TED, a global set of conferences that address a wide range of topics within the research and practice of science and culture, as well as at other venues.	Sites activated their large communities of architects and designers to join the challenge.	jovoto activated its creative community		Coordinated challenge site that served as a platform to reach out to various creative communities, as well as to continue to promote the contest.	Renowned group of architects and designers was a very big draw to the challenge for designers, architects, and engineers.
Choose the right online space			jovoto provided the platform and brought its community to the contest.			

Task	Lead	Media Partners	Space and Community	Experts + Sponsors	Advisor	Expert
Managing communities to facilitate great outcomes			jovoto supplied community management to monitor the challenge.		Mutopo supplied detailed feedback to the creative community	
Understanding participant contributions			jovoto's platform tracked idea submission, voting and ranking, collaboration, and commenting to support incentives.		Mutopo provided analytics on site data and media traffic.	
Select the best results	LifeEdited selected the final winner and negotiated the ongoing contractual relationship based the expert jury's input and the community-ranked winners.		jovoto's platform allowed for review, input, and participant ranking (idea submitters, commenters, enthusiasts) as well as jury members.			Jury members chose their winner.

the right online space to host the challenge. This was where the technology provider, Brightidea, came in. Table 5.3 shows what their coalition looked like.

GE's vision of reaching out to global entrepreneurs prompted them to select 22 ideas for development to meet their goal of finding new power grid technologies for the twenty-first century. But there was much for the coalition partners, too. It allowed the participating venture capital funds to quickly access and review over 4,000. As a proven technology to support the execution of an open challenge, Brightidea delivered a turnkey solution to GE. In exchange, the opportunity they received to work with GE brought enormous credibility to Brightidea's platform and approach to large-scale crowdstorm processes.

KEEPING THE COALITION HAPPY

Each coalition participant will provide value in some way in order to receive value in another. This does not always mean paying for services. There are other ways in which participants can receive value—which can dramatically affect your budget while improving your crowdstorming process's effectiveness.

Let's look again at our key roles to understand some of the main sources of value for the coalition participants.

- *Media Partners* benefit by gaining access to exclusive new content. Interesting questions and calls to action provide content early in the crowdstorming lifecycle that media partners can use to drive conversation and encourage engagement. As contests progress, coverage of ideas provides stories about participants and lots of publishable content. Once ideas move from concept to production, there are again opportunities to explain where these ideas came from (explanations about the people, the process, and other details).
- *Expert Partners* have many motivations for participation, but the appeal seems simple for most we have worked with. Many of them are great teachers who want to see others advance in

Table 5.3 GE Ecomagination Coalition

Task	GE	Venture Capital Partners	Brightidea
Ask the right question	GE developed the idea to offer an open source challenge to develop new power grid technologies for the twenty-first century.		Brightidea helped frame the question on its platform.
Fair incentives to motivate the crowd	GE worked with its VC partners to commit up to \$200 million to help entrepreneurs from anywhere in the world with their ideas. They offered \$100,000 to the top five winners, giving the most voted on idea an additional \$50,000. They identified an equity investment by GE or the VCs and cooperative agreement to develop products or technology as opportunities.	The VCs coordinated with GE to provide the funding. Emerald Technology Ventures, Kleiner Perkins, and Rockport Capital's brands provided additional motivation to participants who saw the opportunity to have their solutions reviewed by premier VCs.	

(continued)

Table 5.3 (continued)

Task	GE	Venture Capital Partners	Brightidea
Build the coalition	GE built and managed the coalition.		Brightidea supported GE in managing the coalition.
Recruit the best participants	GE actively promoted the challenge before and during through web and print ads, radio commercials, and frequent press coverage, which drove traffic. In addition, GE prominently featured the challenge on its homepage and reported on developments in a dedicated blog.	VC partners provided draw to external talent to participate.	Brightidea provided the technology during the contest to share ideas through traditional and social media to activate global participation. It supported custom features, like a data visualization app and an interactive leaderboard of the top 100 ideas, thereby showcasing the best and brightest ideas.
Choose the right online space			Brightidea was selected to run the challenge on its platform.
Managing communities to facilitate great outcomes			Brightidea provided community management.

Task	GE	Venture Capital Partners	Brightidea
Understanding participant contributions			Brightidea provided monitoring capabilities.
Select the best ideas	GE experts reviewed ideas based on filtering provided by public voting. They selected finalists and developed contractual relationships with winners.	VC's experts worked with GE to make final selections.	User votes determined the community's most popular proposals on the challenge website. At the same time, ideas were routed to subject matter experts at GE and its partner VC firms for quick but thorough evaluation and further development.

their particular area of endeavor. Further, many of them care deeply about specific problems—particularly in areas like sustainability, healthcare, or education. These are many of the categories we covered under *Good* in our GAME motivation framework discussed in Chapter 4.

- *Financial Underwriters:* As you might expect, investors are primarily interested in finding new investment opportunities—as we saw from our GE example. And challenges can be the perfect way to gather the best people working on specific areas of opportunity. Then there are retail relationships like Target or Threadless that match an interesting stream of innovative products with massive investments in marketing and distribution—both of which represent a strong motivation for involvement.
- *Spaces and Organizers:* There are many reasons for organizations selling software—particularly *new* software—to offer their product at a significant discount to show what it can do. However, this generally obliges the coalition to also take on some risk associated with new tools (and, very likely, new processes as well). Organizations that bring provider partners into the coalition benefit from time to market and experience.

Organizations that manage communities will always focus on what will align well with the community's interest. Again, Threadless, Quirky, Jovoto, and InnoCentive know that their communities are motivated by opportunities that give them more GAME. So these partners are more likely to seriously consider these opportunities—not just in terms of pure revenue, but also as a chance to bring something to their participants.

- *Production Partners:* They often stand to benefit directly if the idea moves into production, as they might have the contract to make the product or operate the service. The main challenge is working with production partners who might be used to creating their own ideas (versus getting them from elsewhere); or, who might not be confident that an idea will result in a production opportunity (if they question the idea's feasibility

or have broader concerns about the organization's commitment to produce the ideas). So, while the potential value for a production partner might be very high, you'll likely need to convince them why they should commit time and resources in the crowdstorming process for return later—particularly if they see reasons why ideas might never make it to production.

Beyond the specific coalition roles we have discussed, working with partners provides a great opportunity to learn, while reducing investments and risks. For this reason alone, it is worth considering partners as you plan your crowdstorm process.

CHAPTER 6

Recruit the Best Participants

You're only as good as the people you hire.

—Ray Kroc

When we think about recruiting, we instinctively focus on who might have the expertise to submit a response to solve our problem. But when we take this approach, we miss an important opportunity to let valuable talent participate in smaller but still useful ways like rating a solution or offering feedback. Like supporting roles in a movie, these roles are easy to overlook; but movies would not work without them.

We have identified three crowdstorm patterns to reflect different roles so we can better understand who we might recruit and what we will expect them to do. For the moment we are just focused on recruiting, but we will continue to revisit these patterns as they impact many aspects of the crowdstorm process: from measuring contributions enabling fair reward to managing much larger numbers of contributors when we look to add more supporting roles.

We will refer back to the patterns in Figure 6.1 throughout the rest of the book.

The patterns reflect roles and interactions between the people who are both inside and outside an organization. As more roles are added, the number of participants and interactions rises sharply. The key attributes of these patterns are as follows:

- *Search*: The focus is finding and recruiting domain experts from outside the organization (for example, this might be outside your team or outside your company). Outside, or external, talent is asked to submit ideas based on their expertise to solve the problem. There is limited interaction between those submitting the ideas—they do not share ideas or feedback. Experts, primarily from inside the organization, decide on the best ideas.

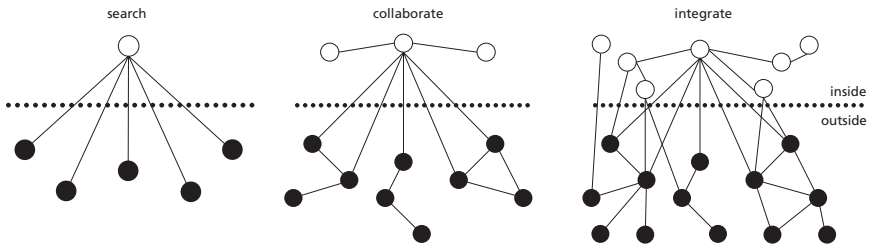


Figure 6.1 Crowdstorming Interactive Patterns

- *Collaboration*: Participants are recruited not only for their ability to submit ideas, but also for other supporting roles, such as providing feedback and evaluating ideas. There is interaction between participants—they share ideas, feedback, and evaluations of work. Those managing the challenge—*community managers*—encourage and support this interaction. For this pattern, recruiting focuses not only on finding domain expertise, but also on finding participants who can provide feedback and filtering based on their capabilities and time constraints.
- *Integration*: Integration builds on the *collaboration* pattern. Organizations use this pattern to incorporate crowdstorming into their business operations. As a result, they expand the number of processes involved (for example, idea creation, prototyping, production). Recruiting therefore involves a greater focus on finding inside as well as outside talent.

Let's look at the implications of each of the patterns a little more closely to see how they impact recruiting.

FINDING THE PERSON WHO WILL FIND YOUR PROBLEM TRIVIAL

Recruiting for domain knowledge is the sole focus of the *search* pattern.

When we put together traditional teams, we are usually seeking a core group to generate something—a concept, a prototype, a plan, or new business. Therefore, uncovering a domain expert is usually the primary focus.

As organizations have called upon larger groups of participants to solve problems using crowdstorming, they've made some interesting discoveries with respect to domain expertise. While expertise, of course, remains critical, increasingly, people from *outside* the task domain have actually solved many problems.

Recruiting for key contributors becomes not only a hunt for sameness (this may include more experts or specialists from outside),

but also a call for likeness that can be applied. Let's look at an example from the P&G *Connect and Develop* project to illustrate this concept.

Over the past few years, the San Diego Zoo has been developing a specialty in biomimicry, a discipline that tries to solve problems by imitating the ingenious and sustainable answers that nature provides. Writers Dan and Chet Heath describe how P&G leveraged talent from a different but like discipline to solve a problem:

Let's say you're looking to create a detergent that works superbly in cold temperatures. This would seem to be a chemical engineering problem. But, as the zoo's scientists tell us, it's also an Antarctic icefish problem. When the icefish eats other fish, it has to digest [its prey's] oils—[a] process [that's] remarkably similar to what happens in the wash with the oily taco stains on your T-shirt. Furthermore, the icefish typically dines in water as cold as minus 2 degrees Celsius. (Try that, All-Temperature Cheer!) So, thanks to this cold fish, you have a working model for an ultra-low-temperature detergent—and it's a solution that would have never occurred to an expert.¹

P&G found that the goal was to uncover “that elusive person who'd find your problem trivial.” Their search wasn't random or arbitrary; at the same time they wanted to cast a net wide enough to find resources that could deliver the unexpected solution. A crowdstorming environment, in fact, lends itself to helping companies find analogous solutions and resources by the mere fact of being open to participants who see the opportunity of applying solutions they have worked on in new ways.

Recruiting for domain knowledge then entails finding participants with expert knowledge, as well as those who have the advantage of not being burdened with assumptions—individuals who can bring new perspectives and heuristics to solve a given problem. We will discuss where and how to find these people later in the chapter.

But before we go there, let's look at the other interactive patterns to see what other potentially new roles organizations need to consider when recruiting.

RECRUITING FOR SUPPORTING ROLES

Beyond the core contributors there are also *supporting roles*. These participants have an interest in the outcome and spend some time injecting comments, critiques, and inspiration in response to a submitted idea, in addition to offering evaluation. They differ from *core* participants primarily based on the amount of time they are willing or able to commit to the challenge. Since they're commenting, editing, and evaluating rather than creating, their time commitment is often lower—despite their passion or knowledge. Yet, depending on how you structure the challenge, their contribution is critical.

These roles take shape based on the amount of time invested. For instance, you expect traditional core team members to contribute 10 hours per week. Crowdstorming environments make it feasible to recruit team members who contribute, for example, 1 hour per week on much smaller tasks like voting, sharing, or commenting.

In fact, Dennis Wilkinson, of HP's Social Computing Lab,² looked at various participation opportunities across a number of different online communities. He found a recurring pattern, independent of the domain of expertise. There is a *long tail*—a small number of contributions from a few who do the work (idea submitters) and a lot of contributions from those who support the work (provide feedback and filtering). The HP research showed participation on simple tasks like voting was much higher than participation on tasks like commenting—a task requiring more time. And participation on commenting tasks was much higher than idea creation—the most intensive task.

WHERE ARE THE CROWDS?

This leads us to a discussion about where talent can be found. There are three basic places to tap: employees within an organization; existing communities based on skills, domain knowledge, professional interests/affiliation, and other criteria; and the public.

- *Employees:* An organization may choose to recruit its own employees to participate in a crowdstorm project. This means

looking beyond the organization's traditional functional, geographical, and hierarchical boundaries.

- *Existing Communities:* We have already talked about some of these communities like Threadless, Jovoto or InnoCentive. These communities are organized with crowdstorm processes in mind. But many, many more communities exist for everything from sharing knowledge to finding new work opportunities. It is easy to forget that universities already organize groups of people around interests and expertise, too. Researchers and students are often participants in crowdstorm processes. Increasingly, traditional media planning approaches enable the identification of groups organized around everything from blogs to LinkedIn Groups.
- *The Public:* Finally, there are times when an open call is valuable to discover people who might not be affiliated with specific communities. In much the same way as we use numerous channels to market to prospective customers using everything from search keywords to psychographics, so too we can find people who might be interested in our specific challenge.

Once we know where we might find prospective participants, we need to set about convincing them to join our crowdstorming initiatives.

THE PARTICIPANT JOURNEY

We focus so much of our marketing efforts today on selling—on moving people through an experience to arrive at a point where they want to purchase something. Since crowdstorming requires that we sell people on an experience, we can learn from these successful marketing approaches. Our aim is not to rewrite the book on marketing tactics, but simply to emphasize a few critical steps in the *participant journey*.

You may recall that we introduced this in Chapter 2 as a way to understand how trust and information exchange can grow, as

participants move from awareness to making the decision to participate in a challenge. The *participant journey* also highlights critical decisions for participation during the recruiting process.

Figure 6.2 highlights the critical points on the participant journey:

- *Awareness* is the starting point for the participant journey. We want to generate interest and call people to action. This begins with the call to action and the brief.

Once a description of the challenge is in place there are various channels available to get your call out. GE's Ecomagination Challenge tied into a broader marketing effort, whereas XPrize Tricorder benefitted from an awareness of a fictional device popularized in *Star Trek*. But not everyone can tap into a global marketing campaign or media phenomenon.

LifeEdited concentrated instead on targeting messages to specific communities of interest with media partners like

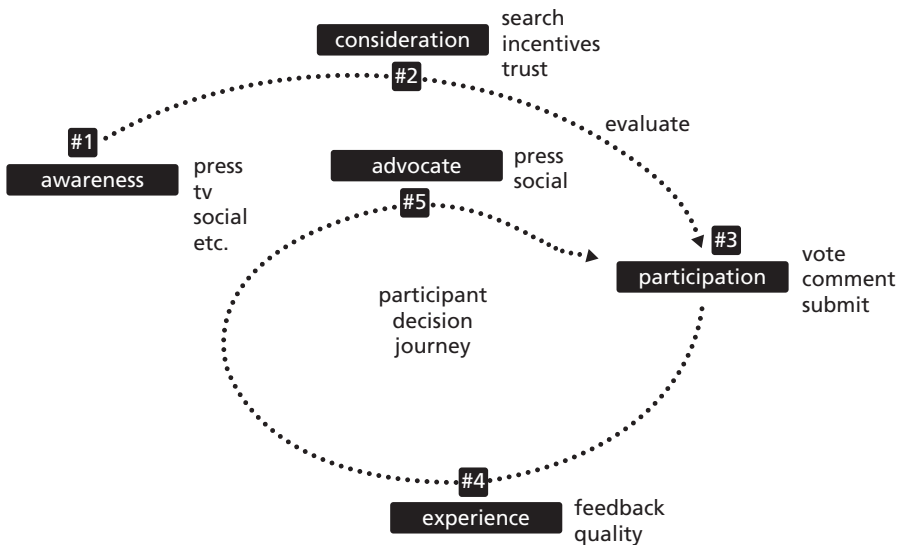


Figure 6.2 The Participant Journey—Recruiting

Core77 (design), TreeHugger (sustainability), and Architizer (architecture). InnoCentive works with media partners like *The Economist* or *Popular Mechanics* in a similar way to ensure their briefs are introduced and channeled to communities with the domain knowledge to work on the challenges. Startups like Quirky and Threadless make use of product success stories to earn media, highlighting how they and their communities are succeeding.

As we highlighted in Chapter 5, recruiting is one of the reasons that Media Partners are so often part of crowdstorm coalitions.

- *Consideration* is the next major step. The call to action and briefs generates interest through awareness. Incentives, on the other hand, are at the core of determining how participants will consider participating. How people feel about the incentives helps them evaluate whether or not the effort can result in meaningful payoffs. Participants will also try to understand the likelihood that promises will be delivered—strong brands benefit tremendously from this, but startup brands like Threadless and Quirky have established a track record of consistent, fair results to give a high level of comfort to prospective participants.
- *Participation* is the point at which people will confirm taking on a specific role. The threshold for committing to submit ideas is high so we usually expect fairly low conversion rates from *consideration* to *participation*. Less than 1 percent of participants are likely to submit ideas or proposals. The many additional roles for the *collaboration* and *integration* patterns bring participation rates up to 10 percent. That is, many more people can and *will* take on supporting roles.
- *Experience*. Gaining experience is an important incentive driving participation. The better the experience on the platform—support, exposure, learning access to experts—the longer participants will stay; in addition, it is more likely that they will help recruit more people if the experience is good—not unlike

the way people behave with products and services they purchase or employers they like. Think back to our discussion of new Wikipedia editors: if participants don't have a positive experience, they will leave—meaning that much of our prior effort in awareness, consideration, and designing participation will have been for naught. If participants have a successful experience, they are likely to *advocate* for the community and recruit others to the community; if they have a negative experience, they will negatively influence participation.

RECRUITING TACTICS FOR SPECIFIC CROWDS

We've looked at the participant journey in general, but it is worth highlighting a few aspects of the journey (and therefore tactics) that might help with recruiting for specific crowds.

- *Tactics for Employees:* Talking to employees about crowdstorm participation means you are asking people to participate in a new organizational structure—to take on work beyond their current responsibilities. Recruiting necessitates that as you build awareness, you also contemplate how the crowdstorm process will work alongside what people are already doing. Later in the chapter, we will show how CEMEX initially recruited small groups to show what might be possible and made it ok for more people to join in.
- *Tactics for external communities and the public:* We highlighted the importance of identifying specific existing communities you want to invite directly (for example, universities or specific groups interested in the problem space). This is a function of research, leveraging personal and professional networks, as well as identifying partners who can become part of a challenge coalition and exploiting their networks. There are several mechanisms for reaching communities: creating a new site to show the brief—this could include videos along with other material to market and broadcast the challenge—and working with media partners to use the brief and content to generate interest.

Getting participants to consider whether to participate is initially a function of how well those running the challenge communicate the brief, and what the incentives are to participate. Even more interesting is how participants contribute to recruiting during the process. Platforms that allow participants to share work and engage their own personal networks during a crowdstorm will help fuel the recruiting process by providing positive feedback

Organizations need to build the appropriate tactics into their recruiting strategy in order to find participants for the roles they need based on the crowdsourcing interactive patterns they elect to use.

Let's look at a few examples of organizations that have done this successfully.

CEMEX—RECRUITING EMPLOYEES

Our first example is a company that recruited its own employees, and that faced challenges in all three recruiting steps. Employees had to become aware of a fundamental new way of doing innovation; they had to be convinced that it was valuable to participate, and a process and platform had to be implemented that could make participation credible for people who did not know each other.

It is unlikely you have heard of CEMEX if you work outside the construction business. However, you have very likely benefitted from their products. CEMEX is one of the leading global building materials companies. They trade in more than 100 countries and have close to 47,000 employees located around the world.

In 2010, CEMEX set out to deploy SHIFT, a new platform to encourage idea sharing across the company. Their aim was to encourage collaboration to drive innovation—specifically, to develop new products and reduce time to market. To do this, they had to move from relatively independent global operations to becoming a more tightly integrated global company, and they needed to recruit platform participants from across their employee pool.

CEMEX had to figure out how to encourage adoption of crowdstorming in order to share ideas in an interactive way across

multiple cultures, languages, and modes of problem solving. They answered this challenge, and went from a core group of 2,000 people in April 2010 to over 13,000 active users by February 2012.³ They did this by following some of the approaches we have discussed thus far.

- *Awareness:* They defined the roles for which they were recruiting and tailored a communications agenda. The goal of this agenda was to create awareness and define the norms for engagement—as well as to convince internal talent to participate. CEMEX identified an innovation team to set up the approach to crowdstorming. The team then brought together 400 members who identified the strategic topics upon which the company needed to focus—and, importantly, they used the new crowdstorming processes and technology to do it. This was a departure from the top-down hierarchical approach CEMEX had traditionally used, which signaled to the rest of the company that management was serious.
- *Consideration:* Next, the innovation team and the new collaborative community leaders identified the profiles that matched the challenge's needs. They identified champions in the required areas, trained them, and asked them to become the spokespeople for the challenge. As such, their job was to communicate the value of crowdstorming to others in an attempt to put them at ease with using the new processes and technology. Finally, they offered an open invitation to employees to join. CEMEX learned how to better assemble and engage work groups simply by inviting people, instead of conscripting them to communities or teams.
- *Participation:* Once they completed this stage, they held a series of on-boarding sessions—they invested the time to ensure that people could take the first important steps to get comfortable with the new tools and processes. The innovation team provided an easy-to-use help center that included videos and brief tutorials on topics of interest. They also executed a strong internal communication campaign to enforce messages with coaching and training. The community management team leveraged the initial 400 contributors to advocate for the

platform by sharing their experience. They made ideas and feedback visible to all, and encouraged the sharing of knowledge and experience. CEMEX also realized that by bringing existing communities into the new space—for example, a community that already existed to develop special products for the Ready Mix Concrete group—they could bring in domain experts and influence behavior that would be immediately impactful and enrich the ideas and norms that existed on the platform.

- *Experience: Advocating using success stories:* Success stories demonstrated to others the tangible benefits of participation. “Encouraging more participation in social networking among those who remain skeptical is still a challenge, but CEMEX found that they can achieve more positive results by showing the tangible benefits of changing the way to work. Success stories are thus the bread and butter of the ongoing mobilization effort, breaking down barriers and getting people to try new things out.” CEMEX saw that participants were pushing these success stories. “Today, we see a marked increase in blogs, and blog comments, as well as in the creation of more than 500 communities to bring people with common interests and goals together. Wikis and discussion forums are being used in each of these communities as a means to solve local problems with global talent and to store and share the knowledge they are generating.”⁴

For CEMEX, the transition to internal crowdstorming was a success story based, in part, on how they handled the recruiting process. They changed their innovation culture from hierarchical to engaging talent from far and wide by using tactics to build awareness and consideration—then communicating the value of the participant’s experience.

LEGO—BEYOND DOMAIN KNOWLEDGE

In Chapter 1, we introduced examples of how LEGO puts crowdstorm processes to work. Their most recent efforts are focused on getting

help to identify the most promising new LEGO designs using the LEGO Cuusoo platform. While they have an active fan base, their fans are distributed across multiple interest groups. LEGO needed a way for them to share and respond to ideas in one place to better organize interactions.

Here is how they did it:

- *Awareness:* They reached out to existing fan communities. The recruiting strategy LEGO used to deliver innovative products with a good return on investment using external resources has evolved over time. When they first realized they were in trouble—and management became aware that they could leverage their fans to help their internal team’s product development efforts—their initial outreach was limited. They sent out a request at one of the toy fairs asking if 100 enthusiasts would be interested in helping them. They received an overwhelming response—so overwhelming that they had to reorganize themselves internally to deal with it. They realized that they had to put a few systems in place. They needed to structure themselves to ask an external audience the right questions; provide the mechanisms to capture and manage idea, insight, and evaluation input from an external audience; and implement them appropriately. This would allow them to enjoy a significant increase in their product pipeline. LEGO also realized something very interesting from a recruiting standpoint: creating Cuusoo allowed them to build *awareness* by broadcasting their challenge more effectively to a wider range of participants. They let their existing fans—an external community of consumers and designers with an interest in, and knowledge of, their products—know that there was a forum for idea creation. But they did more.
- *Consideration:* When LEGO introduced Cuusoo, it was only available in Japan. The first idea took 422 days to meet an initially low threshold of 1,000 votes. While slow, this initial investment showed that LEGO was serious about moving ideas from Cuusoo into stores (with credit going to idea submitters).

Fans then began to consider the platform seriously, as a way to have their LEGO wishes realized.

- *Experience:* Participants could share their experience at multiple levels. Those who found ideas that they loved and wanted to support could easily share and encourage other people to support their ideas. In doing this, participants not only made others aware of the specific idea, but also of the existence of the Cuusoo platform and associated opportunities. Similarly, as participants began to win, they discussed their experiences—in the case of LEGO Minecraft, the Cuusoo platform received significant media coverage. The Minecraft community had grown around the successful independent computer game. When the community decided to propose a LEGO idea based on the game, it received the necessary 10,000 votes within 45 hours and soon made it through the design phase and into production. The media coverage highlighted the positive experience of the various participants.

DARPA—TESTING RECRUITING STRATEGIES

If you invented the Internet, how would you celebrate its fortieth birthday? For the United States Defense Advanced Research Project Agency (DARPA), the answer was simple—let's see what this baby can do. In Chapter 3, we talked about DARPA's experience in using open calls and contest structures to get new results and learning. But on the fortieth birthday of the Internet, DARPA outdid itself and in the process provided us all with a very useful head-to-head comparison of different recruiting strategies for online collaboration.

The agency wanted to understand how they could use the latest generation of online technologies and behaviors to solve broad scope, time-critical problems. While this book is focused on a specific type of problem related to quickly finding the best ideas and talent, DARPA took a broad view on what they were seeking—and, as a stand-in for their research agenda, they turned to weather balloons.

On a Saturday in December in 2009, the agency released 10 red weather balloons across the continental United States and then waited

to discover if and how teams would be able to locate them. In the end, over 4,000 teams participated.

Here is how DARPA posed the challenge:

To mark the fortieth anniversary of the Internet, DARPA has announced the DARPA Network Challenge, a competition that will explore the roles the Internet and social networking play in the timely communication, wide-area team-building, and urgent mobilization required to solve broad-scope, time-critical problems. The challenge is to be the first to submit the locations of 10 moored, eight-foot, red, weather balloons at 10 fixed locations in the continental United States. The balloons will be in readily accessible locations and visible from nearby roads.⁵

The prize for the winning team was \$40,000.

The DARPA team already sensed that Internet tools and connections were enabling new ways to find and organize talent. They wanted to create a challenge that would demonstrate how people could do this on a grand scale. To date, this remains one of the largest scale head-to-head tests of different online crowd recruiting strategies that we have been able to find.

DARPA discovered, via the interviews they conducted following the challenge, that the most successful responses employed a number of similar approaches. The winning team, a group of MIT students, employed a recursive strategy for recruiting; that is, people who joined the team were rewarded not just for finding balloons but also for finding people who found the balloons. This team devised incentives that motivated people to forward to others its message about the challenge and the need for help. They promised \$2,000 to the first person who submitted the correct coordinates for a single balloon, and \$1,000 to the person who invited that person to the challenge. Another \$500 would go to the person who invited the inviter, and so on. The system quickly took root, spawning geographically broad, dense branches of connections.

After 8 hours and 52 minutes, the MIT team identified the correct coordinates for all 10 balloons, doling out prize money to people in the winning recruiting chains and donating the rest to charity.

This outcome is worth reflecting on for two reasons. First, as we discussed at the beginning of this chapter, our instinct is to focus recruiting on those people who are likely to submit responses to our brief. But it is easy to forget that there are other roles that might be useful to us. For example, what is the value of the people who might *introduce* us to the people with ideas or IP?

The second important aspect is related to the media. There were many ways for people to discover the DARPA challenge. Stories about it were featured by organizations able to reach large number of readers or viewers, like the *New York Times* and CNN. And, if you searched online for the challenge, you would also find multiple teams trying to recruit you to their cause.

The winning team—as well as many of the other successful teams—was smart enough to realize that while many people might not be able to find the balloon, they might still be able to respond to the media coverage and play a useful role. If, for instance, you found your way to the MIT site, you could participate not only by finding the balloon but also by finding more people who could find the balloons—and you would still stand a chance of benefitting.

A final comment on the use of media in this DARPA challenge: many of the teams employed strategies that would look very familiar to any senior marketer today. They made use of broadcast media; however, they did not pay for media but earned it by offering interesting stories and incentives—all familiar, efficient *awareness* strategies.

DARPA tracked contest site traffic to understand rapidly increasing interest, and then tracked teams as they launched their various recruiting websites. Many of the teams used their recruiting sites in conjunction with search advertising or search engine optimization to get people to join their teams. Still others made use of their social networks, as conversations on Facebook and Twitter trended toward the *Network Challenge* in the days running up the launch. The

broadcast phase proved useful to many teams in helping to build *awareness* and *consideration*.

THE RIGHT PARTICIPANTS AND INTERACTIONS

Recruiting the desired participants for your crowdstorm is a function of various elements: finding talent with the domain knowledge needed to solve your task; accessing talent with *like* knowledge from another domain that could solve your problem; and optimizing participation from talent who may not be able to devote the time to create ideas, but who *can* provide feedback on and help you filter ideas. Understanding the type of roles you want for your challenge—as well as the type of interaction that works best for your community—is crucial when choosing your recruiting strategy. In addition, it is critical to develop tactics to deal with the key touch points along the participant journey—*awareness*, *consideration*, *participation*, and *experience*.

Managing and monitoring the participant's experience during crowdstorming is not only important for recruiting. It can also help improve the outcome of challenges, the experience, and then the resulting advocacy.

We now turn our attention to how you manage and monitor participation to deliver the best results.

CHAPTER 7

Manage Communities to Facilitate Great Outcomes

*We may be moving to a world of networks well led versus
organizations well managed.*

—Jim Collins

The city of Boston fixes about 19,000 potholes a year. Part of the cost involved in doing so is not just repairing the potholes, but figuring out where they are. When the city first began addressing the challenge, they thought they had a good idea for how to deal with the problem efficiently. Their solution was to ask the good citizens of Boston to help them. So, like other cities, they built a website and mobile application to allow people to report pothole locations.

But getting people to report potholes was still pretty tedious and, as we have seen, the harder it is to participate, the lower participation rates will be. So, under the umbrella of their “New Urban Mechanics” initiative,¹ the city created a smartphone application that allowed citizens to help the city create work orders for problems *without* requiring a phone call or an email to city engineers—what they called *volunteering without the sweat equity*. The app used a driver’s phone’s accelerometer—a motion detector—to sense when their car hit a bump, based on the car’s acceleration. The phone’s GPS sensor could then be used to accurately note the location and transmit the data to the city.

The city of Boston worked with outside partners to help develop the application—a traditional contract relationship with experts at Worcester Polytechnic Institute and the Santa Fe Complex, a technology think tank in New Mexico. But, like others who tried to make this kind of road-surface-sensing application (Microsoft and MIT, for example, are two entities that had spent time on it), the results were only marginally successful.

The problem was simply that users couldn’t rely on this approach: After all, how could the app tell the difference between a missing manhole cover and a pothole, or just temporary construction? At this point, the city explored the possibility of reaching out to a community

of external talent for help with solving the problem. The Street Bump team turned to InnoCentive to run and manage the challenge.

Participants were asked to submit a detailed description of their ideas for how to solve the problem of differentiating bumps in the road so that they could definitively categorize some as potholes, along with the software source code that would become part of the downloadable phone application. InnoCentive shared the brief with their problem solver community, as well as other coalition partners, including media partners—like magazines *The Economist* and *Popular Science*—to reach out to new participants.²

Participants agreed to submit ideas and give up the associated rights as a condition of submission. The city then reviewed and tested the solutions with their experts and selected the best performing solution as the winner. InnoCentive's role in managing the challenge was minimal: they merely had to answer any questions about the brief or the challenge's terms and make sure that participants adhered to contest rules.

The result: the city uncovered a series of algorithms to filter out things like manhole covers and speed bumps. So if at least three people hit a bump in the same spot, the system recognized it as a pothole. Problem solved.

CROWDSTORMING COMMUNITY PATTERNS

The “Street Bump Challenge” offers a look at the most common type of crowdstorm pattern, the *search* pattern. We introduced this pattern in Chapter 6 with regard to recruiting. Let's look at it more closely as we explore how to manage participation.

The focus of this pattern is a *search* for people who have ideas to solve a problem. The process is almost completely defined by the processes we have described in the book so far—framing a brief, establishing incentives, forming a coalition, and recruiting. All that remains is to gather the solutions and pick the winners.

This process is at once relatively simple and very powerful. We saw in Chapter 1 how the mining company Goldcorp shared data about its operations to receive innovative ideas on where they were most

likely to find gold. P&G’s “Connect and Develop” challenge platform uses the *search* pattern to help source half of their innovation ideas from outside the company. And the same process works for the most successful venture capital firms, including Sequoia, as well as the XPrize and DARPA challenges.

It is easy to understand this pattern’s popularity because of its long history of success. In 1895, the *Chicago Times-Herald* offered a prize for a “practicable, self-propelling road carriage” that led to the first auto race. The prize was offered to the first person to complete a 54-mile course. Similarly, British newspaper *The Daily Mail* offered a £1,000 prize for the first pilot to fly across the English Channel. Ten years later, a similar prize would lead to Charles Lindbergh making the first transatlantic flight—paving the way for the modern airline industry.

Figure 7.1 represents this pattern by depicting the specific interactions between the participants from *outside* the organization with representatives *inside* the organization.

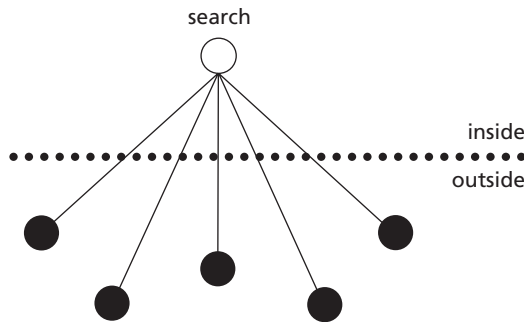


Figure 7.1 The Search Pattern

The *search* pattern focuses on recruiting to find the right participants. Once they are uncovered—and opt to join in—the interactions are relatively simple: *outside* participants submit ideas to representatives *inside* the organization (or coalition).

COLLABORATION PATTERNS

However the *search* pattern does not describe what we have seen in cases like *American Idol*, Betacup, LEGO Cuusoo, LifeEdited, or GE

Ecomagination. Think about the interactions among participants in these cases: *American Idol* depended on the voting process to pick the winners; LEGO Cuusoo uses voting to prioritize design ideas for further research; and the feedback in the Betacup, LifeEdited, and GE's Ecomagination challenges enabled participants to make multiple clarifications and updates to their designs.

As we discussed in Chapter 6, we call these types of interactions the *collaboration* pattern. (See Figure 7.2.) We still see the familiar *search* pattern here in that ideas are being submitted and judged. But we also see interactions among idea submitters and other participants as they offer comments or when they vote or rate to help filter ideas.

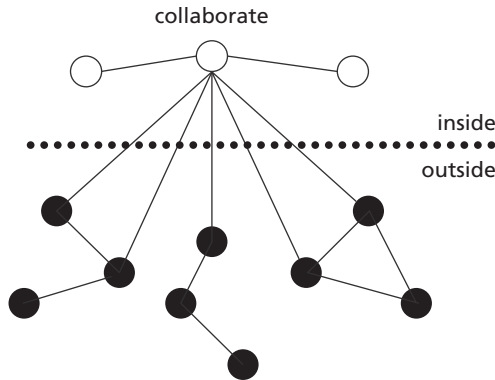


Figure 7.2 The Collaboration Pattern

We also see a familiar pattern of opportunities to participate, often referred to as the 1–9–90 rule.³ This rule describes types of contributions—big versus smaller—in online systems. We think of big in terms of the resulting value—that is, a single big submission of an idea to solve the problem. Many smaller submissions—such as votes and comments taken together—will help to improve on the idea or identify its potential. One percent of participants are making big contributions (in our case submitting ideas, plans, or proposals) and 9 percent are making smaller contributions (commenting, voting, or sharing these submissions). We then expect 90 percent of the people who interact within an open system to “lurk,” that is, they will not participate directly beyond observing participants’ results.

This rule has important implications for managing the *collaboration* pattern. Let's assume that 100 participants submit ideas to our hypothetical challenge. The 1–9–90 rule suggests that we should then expect 900 people to participate in the voting and commenting processes. So, in effect we have moved from interacting with 100 people to interacting with 1,000 people—an order of magnitude change. And with this change some new management demands emerge.

These interactions can get more complex in another important way: they take place across organizational boundaries. For example, when the city of Boston received an idea via InnoCentive, there was no need for them to offer feedback or encouragement. But take a look at *American Idol*, LEGO, GE, Threadless, or Starbucks Betacup and you will see representatives from these organizations interacting with participants in much more significant ways—they need to observe and react to not just ideas but their feedback too.

INTEGRATION PATTERNS

If *search* patterns are the starting point for working with outside talent, then *collaboration* patterns are the midpoint. The *integration* pattern is the frontier and points toward entirely new kinds of organizations that cannot exist without outside talent. This is not a matter of tapping into crowdstorm processes as needed; this is complete dependence on crowdstorming. And, much like the step from *search* to *collaboration*, the *integration* pattern is defined by another jump in the number of overall interactions between participants and between insiders and outsiders.

Where the 1–9–90 rule explains the critical difference between *search* and *collaboration*, the *integration* pattern is defined by more interactions—not just between participants, but also across the inside–outside organizational boundary.

One challenge we have when discussing this pattern is that we simply do not have as many examples as we do for the *search* pattern. While organizations have used the *search* pattern for more than 100 years, the *integration* pattern is native to the Internet. *Interaction* on such a large scale was simply not possible until we had the near-zero communication costs that online spaces provide. Most of the

organizations that fit *integration* patterns have been designed around the Internet, with the oldest ones being barely a decade old.

Organizations that use *integration* patterns are working with outside participants across their business model, from R&D to production. For these organizations, their customers are very often their most valuable participants across a range of activities. Organizations invite them into their community to participate in multiple different business processes. We have talked about a few of these organizations already—Quirky, Threadless, and Wikipedia embody this pattern (and we will shortly learn about another, Giffgaff).

It's often hard to tell at this level of complexity the most active participants from the full-time employees—the roles and interactions blur the boundary between inside and outside.

The *integration* pattern expands on the *collaboration* pattern by increasing the number of interactions among participants and across an organization's boundaries (see Figure 7.3).

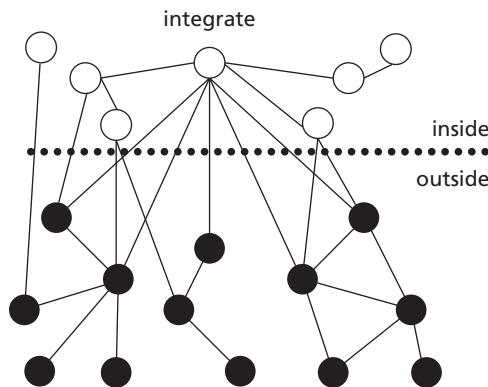


Figure 7.3 Integration Pattern

FROM CROWDS TO COMMUNITY

Organizations in the *search* pattern reach out to crowds in an attempt to gather ideas. They don't need to have an existing relationship with a crowd because the quality of the idea is all that matters. Participants show

up, agree to the crowdstorm terms, and submit their ideas. While the “Street Bump Challenge” winners will go on to work closely with the city to move their work from prototypes to production, no other participants are likely to interact with the city again in this context.

Once you move beyond *search*, however, participants take on additional responsibilities, including feedback and filtering, all of which are interactions that require more management focus. How does an organization know if this participant is good at voting (for instance, what their biases might be) or whether their feedback is worthwhile or not? What happens when someone offers particularly negative or offensive feedback?

Recall what happened to the Wikipedia’s new high-potential editors: after a few rounds of negative feedback, they simply stopped showing up. There are also concerns about people attempting to abuse the voting system. We know that voting system requires some level of monitoring and enforcement to ensure smooth operation. Just take a look at democratic election processes, where considerable resources are dedicated to monitoring and responding to issues associated with the voting process from voting machine software to voter suppression or intimidation. How do you manage these more complex interactions?

It turns out that there is a tested force holding these structures together within the *collaboration* and *integration* patterns, and this force has a face: the community manager.

THE ROLE OF THE COMMUNITY MANAGER

While the community manager *role* is new for most organizations, the *idea* of community management is old. It has existed in online environments since the first groups came together around areas of interest to do university research and open source software projects. But with the rise of social media, the opportunities and desire to connect have exploded. And with this explosion in interactions comes a much clearer need for community management.

Simply stated, the community manager’s objective is to support the community in its desired activities. But what *exactly* is the community manager doing? In 2007, Jeremiah Owyang⁴ described the job

of community management as a communication role that (1) advocates on behalf of the community for the organization sponsoring a challenge and (2) evangelizes on behalf of the brand for the participating community. And community managers are also responsible for gathering input.

Another way to understand the role is in terms of its monitoring function—to understand not just needs, but also behavior and contributions. Community managers know what drives the community—what tasks, incentives, and interactions make it work. They also have the strong communication skills required to represent the community to the internal organization. Just as important, they are responsible for selling the organization’s priorities to the community. By continuously striving to represent and reconcile stakeholders’ needs, the community manager can help his or her community move forward.

The role is also not static; its emphasis shifts as we make our way from *search* to *integration* patterns. Let’s take a look at how one successful organization has evolved their community management approach to respond to more complex crowdstorm patterns.

LOCAL MOTORS: FROM COLLABORATION TO INTEGRATION

Local Motors made its debut in March of 2008 with a call to designers to submit sketches for their dream cars. Company founder John Rogers was on a mission to bring cars to market “in a sustainable manner—the cars people want, where they want, when they want. This is what Local Motors accomplishes.”⁵ By sustainable Rogers did not mean building cars that used different energy sources (though some of the projects would deal with this). Rather, he meant building them more quickly and with less waste. And in order to do this, he implemented a different business model to create, develop, build, and modify cars. At the core of the model was an external community of designers, engineers, fabricators, and automotive fans.

Local Motors invites people—“from everyday car enthusiasts to experienced engineers”—to participate in all aspects of the process.

Rogers explains that his company gives “people tools, education, a network, inspiration, fame, money, and they give you ideas, enthusiasm, feedback, criticism. We call it ‘cocreation.’”⁶ Local Motors’ goal in 2008 was to crowdfund the design and production of the first car, something they managed to do with the Rally Fighter (the culmination of 35,000 designs by 2,900 community members from over 100 countries). This off-road vehicle was completed from design to production in 18 months—a fraction of the five years it normally takes to bring a new vehicle to market.

The Rally Fighter was an impressive debut for a crowdsourced car. Unfortunately, so much of what makes the Rally Fighter innovative is invisible. It is not just that this is the first car designed by a large group of people using crowdstorming processes; it is also the result of fantastic community management.

Local Motors began with a *collaboration* pattern. For the Rally Fighter challenge, participants not only submitted ideas; they also made comments, voted, and interacted with the full-time Local Motors team. Local Motors had to figure out how to encourage, and then work with, all of this feedback. There was no question that for John Rogers the community was always going to be at the core of Local Motors. What was interesting to see was how this played out during the first design—how the respective roles of the community and the full-time organization evolved during the process.

Alex Fiechter is Local Motors’ community manager. He explained that the Local Motors team knew that while the Rally Fighter was successful along nearly all metrics, it would be hard to keep the community excited through the 18-month cycles needed to develop future cars—the process does not allow everyone to participate through all phases of development. This realization came in part because of great community management—the Local Motors team talked constantly with community members to understand their needs. While Local Motors was in the business of creating cars, they recognized that their business model depends on motivated participants—so they needed to shift their model in order to encourage participation.

This led Local Motors to establish contracts with other organizations that wanted to work with their community to build cars. In

2011, Local Motors contracted with DARPA to design and build an experimental combat support vehicle in four months. President Obama proclaimed the project's success during a speech at Carnegie Mellon on June 24, 2011, during which he announced a major manufacturing initiative.⁷

Community management helped Local Motors evolve their model to rebalance the value exchanged with their community. The focus in the beginning was on Local Motors' needs and on getting ideas; it evolved to leveraging feedback between members on the designs. This feedback then became a driver for the *integration* pattern. The DARPA challenge was greatly concerned with increasing opportunities and incentives for the outside participants and changed Local Motors' business.

However, this was just the first big step in the shifting structure between the full-time Local Motors team and their increasingly active community. Their next challenge was to figure out how to balance the range of participant skills. A quick visit to the Local Motors "Forge" (their online collaboration environment) reveals a massive number of beautifully rendered automotive designs. The design talent is easy to spot. But what about the less visible—but no less important—engineering work? Local Motors realized that the motivations that attracted a large design community were not as successful at drawing in engineers.

While both target a finished product, a designer's end-state is the completed work, which can become part of his or her portfolio, whereas engineers must point to something they have *built*. In other words, designers "win" even if their idea is not selected; they can show their work and be recognized for it. But in crowdstorm projects, engineers need to be part of projects that get produced in order to "win"—working artifacts are the best show of engineering skill. Local Motors understood that they needed to become "deep enablers" for participants.

So they began to focus on key pain points that prevented engineering community members from participating in ways that would lead to product realization. For example, they provided software tools that helped engineers perform complex mechanical modeling during the development stage; and they identified key areas of expertise that

community members needed—such as carbon fiber fabrication—and provided access to the key resources to support these areas.

Local Motors is playing a more supportive role in another important way, to ensure that more ideas are realized.

Community members constantly share ideas and projects in the Local Motors forums. When one of these projects began to gather support in 2011, Local Motors made the decision to take on a new role. They would help to organize the development of a new idea for a tandem car design⁸ that one of their community members had proposed. Unlike previous Local Motors projects, this was not something that Local Motors had initiated either directly or with a partner. Further, they would not produce the design under the Local Motors brand name, nor would they own the IP. In taking this step, Local Motors was clearly committing to support their community in pursuing their own initiatives—and, in so doing, they were strengthening their relationship with the community.

The Local Motors example shows community management in action across the continuum of interactive models. Table 7.1 highlights the different roles that community management plays across the *search*, *collaboration*, and *integration* patterns as Local Motors evolved its approach.

It is worth noting that community management starts from the top at Local Motors. Local Motors founder and CEO John Rogers tirelessly communicates the company's values and vision to all stakeholders. But Local Motors success also depends on the creation of new support structures—or institutions to enable the community, such as ensuring that there is space to learn or make decisions about what is best for the community. These institutions help communities to help themselves. Let's look at these structural components in greater detail.

EIGHT PILLARS OF CROWDSTORMING COMMUNITY MANAGEMENT

Cities provide a great model to understand how to enable communities. Cities are concerned less with directing activities and are more focused on creating an environment that enables their inhabitants' activities.

Table 7.1 Local Motors Community Management

Community Management Mode	Search	Collaboration	Integration
Outcome Focus	<i>Getting Ideas:</i> The primary goal is simply to get the best ideas.	<i>Getting, Filtering, Ranking Ideas:</i> The focus is to solve a problem for DARPA by submitting, comparing, and evaluating ideas from overall design to specific subsystems.	<i>More Self-Direction:</i> Enable the community to derive more value from Local Motors by making sure that more ideas get built.
Community Management Role	<i>Advocating for the Brand:</i> Local Motors focuses on the overall mission to motivate people to participate.	<i>Making the Process Work:</i> Spur participation and gather feedback to make the best design and engineering choices. <i>Understand Motivation:</i> Add challenges from outside organizations like DARPA to ensure that there is interesting and engaging work for participants.	<i>Enabling:</i> Community management is focused on becoming a “deep enabler” to ensure that people with all relevant skills can benefit from their participation in the community. <i>Supporting:</i> Actively support projects that are not directly leading to Local Motors vehicles.
Community Stake	<i>Low:</i> Participants simply submitted their ideas and waited for the result. They were not motivated to share ideas beyond the confines of the challenge structure.	<i>Moderate:</i> Participants feel ownership not only in the outcome of individual transactions, but in the ongoing health of the challenge structure. There is value in participation beyond the immediate contest.	<i>High:</i> Broader commitment than collaborative model; the community serves not just Local Motors but also the participants who might have their own interesting projects, too.

We tend to take these things for granted, going about our daily business.

Cities oversee the use of shared resources that help their dwellers get the most from their environment and are responsible for ensuring that individuals or groups do not act in a way that will negatively impact one another.

A city creates and enforces laws, as well as monitors the use of things from roads and water to whether or not people follow local laws.

And cities today use a growing amount of data to better allocate resources to this end. They also provide open spaces for people with common interests to come together and set policies that drive behavior. It is hard to be mayor for a day.

The city provides a nice analogy for community management work (see Figure 7.4).

We can flesh out the roles of the community manager as mayor by looking at the work of 2009 Nobel Prize winner Elinor Ostrom, who has shown how simple institutions can enable groups to manage shared resources. Ostrom spent her career working across multiple disciplines to understand very efficient approaches to managing shared resources from forests to fish. As such, her findings demonstrate the characteristics required for forming effective communities and community management—they apply to the city as well as to crowdstorm projects.

Ostrom discusses eight institutions that help in the management of shared resources.⁹ These institutions apply directly to managing complex online work communities:

1. *Monitor*: A key function for effective management in Ostrom's model is having monitors who are accountable to the sponsoring organization—something that is central to all community management.

There will always be questions or clarifications about the terms of participation in *search* patterns. After all, if nobody is monitoring communication channels, then they are likely to miss these questions and opportunities for clarification.

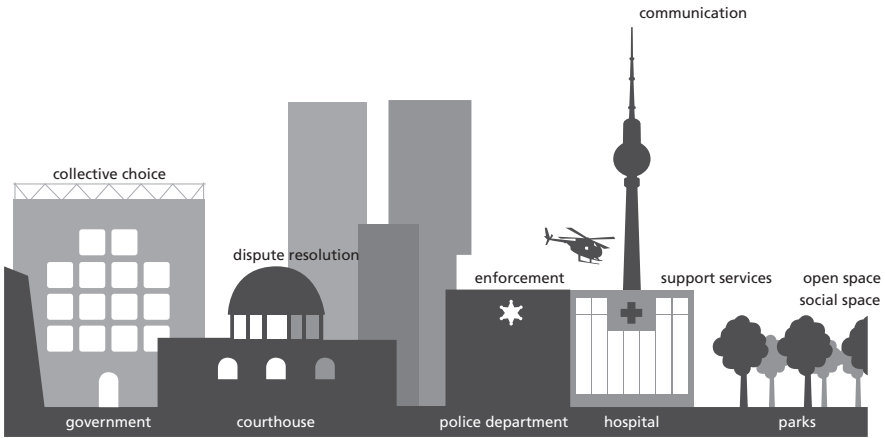


Figure 7.4 Community Management Functions

But in more complex patterns like *collaboration* and *integration*, monitoring is the core function that enables community managers to be aware of what the community is doing. Where are they succeeding, and failing? What are they concerned about? Is anyone abusing the voting system? Are you getting useful feedback?

Monitoring is absolutely crucial to effectively managing shared resources—community managers cannot be effective without it. And in order to do so, managers need quantitative and qualitative measures. Monitoring enables the other institutions below. (We will look at the metrics required for effective monitoring in the next chapter).

2. *Support (Conflict Resolution)*: In the InnoCentive example, support was primarily focused on answering questions from the community to help ensure that they understood the brief and the terms of the challenge. The potential for conflict increases in the Local Motors example—more feedback and voting increases the opportunities for disagreements and misunderstandings. Again, monitoring is critical to determining when and where conflict might be occurring. Once you identify it, we see some recurring themes in approaches to conflict management and resolution:
 - *Communicating Rules and Policies*: Community management is responsible for ensuring that the group running the challenge is able to convey good behavior guidelines. Often this might include some of the issues that lead to establishing new rules—as well as some of the thinking behind them.
 - *Style*: Community management needs to determine a balance between firmness with regard to the rules and policies for engagement, and flexibility and nuance with regard to resolving conflict and encouraging the right behavior. Style must be believable and serve as a beacon for the community; however, it must also be decisive and make it clear when action should be taken.

- *Copycatting and Bashing Management*: Conflicts in crowdstorm environments generally fall into “copycatting”—where one participant copies another participant’s ideas—and “bashing”—where participants make negative, unconstructive comments about other participants’ ideas, feedback, or votes. Best practices for resolving these conflicts are based on slowly escalating both direct and back-channel responses. In general, most conflicts sort themselves out quickly once the parties become aware that they have crossed a boundary, and when it is clear that two ideas are very similar or that a comment’s tone has crossed the line of appropriateness. Healthy, mature communities will police themselves; peers will influence peers when they see something out of line. For situations that escalate, the next step is to take direct communication offline and refer to stated guidelines.
- *Tactics*: Community management is responsible for setting up support centers whose job is to help communities on an ongoing basis. Key components for managers in this area include:
 - establishing the appropriate reporting and response approach—queue management including categorization (for example technical, business, contest, or other categories).
 - updating and managing frequently asked questions (FAQs).
 - publicizing important questions with the user community.
- 3. *Advocacy*: It is one thing to understand the community’s needs; it is something else entirely to work on their behalf to get them what they need. Like those who represent the “voice of the customer” in many organizations, the advocacy role ensures that the organization is addressing the community’s needs—that “outsiders” in the *collaboration* and *integration* patterns are well represented in decisions that

will impact them. For example, Alex at Local Motors approached the organization on the community's behalf to ask for everything from educational tools to support for one of their own projects. The tangible results that were conveyed to the community assured them that they could trust and rely on Alex to represent their interests, which further enabled him to have frank discussions about what was and what was not working in the community.

4. *Value Exchange:* For Ostrom, value exchange entails the rules to leverage the use of common resources—in crowdstorming, “resources” mean ideas, time, and knowledge. Though we have already discussed incentives at length, it is worth noting how exchanges shift as we move from a crowd to a community. While InnoCentive is providing incentives to participate in challenges (exchanging compensation for ideas, time, and knowledge), Local Motors is going further. A decision to support community-initiated projects and to provide educational resources has Local Motors putting more into the pool of common resources in terms of time, ideas, and knowledge.
5. *Sanctions:* Implementing the policies and guidelines for community membership provides the basis for monitoring and managing participant behavior. Community managers must provide the governance for graduated sanctions when a violation of community rules occurs. They also must manage policy compliance according to expressly stated legal terms differently than they do for guideline compliance for processes and values that are part of the community's way of doing business and its ethos. For issues involving IP or confidentiality violations, community managers need to be comfortable with an organization's terms for a given challenge. (Chapter 1 provides an overview of the approaches to legal issues that organizations can take.) They must vigilantly review ideas for violations as they are submitted, and initiate direct communication with—and deliver a warning to—the participant when a violation is determined. Community managers must take failure to comply seriously

and—with their legal group’s involvement—take the next step of disqualifying any violator from the challenge, in addition to banning them from subsequent challenges. For guideline violations involving bashing, hateful speech, undermining the voting process by trying to “game” the system, or any other violation, the procedures defined in the support guidelines above are best practices. You can introduce sanctions gradually—but they need to be direct and severe when violators do not comply.

6. *Collective Choice*: Participating in the decision-making process is an additional principle that Ostrom believes leads to effective communities. The role of voting in crowdstorming environments is the primary way that participants feel as though they have a stake in the process—and the outcome. (We look at the pros and cons of peer-to-peer rating and filtering in order to select ideas in Chapter 9.) With regard to managing communities to deliver results, the more participants feel they are involved in the process—from idea submission through to rating—the more engaged and active their participation will be.

Organizations that manage online work environments must also establish communication channels for the community to easily review and share their opinions on issues that impact individual challenges as well as the community in general. Discussion threads, online forums, and blogs are all effective ways to do this. Community managers must facilitate this process.

Finally, participants who consider themselves community members need to feel they have a stake in modifying and improving the community’s guidelines. In Chapter 11, we discuss the ways that organizations can build review-and-improve steps into their crowdstorming processes, including the role that community members play. Community management has a critical role in this, because they provide the front line of communication with participants who want to shape the next iteration of the challenge process.

7. *Membership*: Clearly defining boundaries for being a community member (as well as defining what effectively excludes the unentitled) provides the basis for the support and monitoring functions—particularly with regard to managing good behavior and values. It is important to communicate the community’s shared values and interests clearly, as well as the more formal terms of membership. And it should be clear that by joining a community, participants are agreeing to these values and terms—as well as agreeing to be monitored for compliance. By becoming a “member,” participants commit not only to the challenge’s *outcome*, but also to the *process* to achieve that outcome. (We discuss how organizations track and monitor participation and commitment in the next chapter.)
8. *Nesting*: Finally, there is an important question of how to scale. While community managers can use technology to monitor and support participants, management is still built on relationships. It is a challenge to manage relationships beyond a certain scale in large online work environments. As the number of community participants grows, so do the interactions. As this happens, monitoring becomes more complex and time consuming, and the list of conflicts to be resolved increases. Across all patterns, there is a limit to what a team of community managers can do. *Nesting* is a way to find logical points to decompose the community management role.

For example, Local Motors can “nest” their community and management support of the community based on segregating Local Motors’ work from its partners’ challenges and also from community initiated projects. The project structure is one simple way to enable nesting and divide up some community management responsibilities. So, while we have talked about a single Local Motors community, it is more useful to think about members of the community being active around specific challenges—and managers focused on specific community activities.

COMMUNITY MANAGEMENT AND CROWDSTORM PATTERNS

With these institutions in mind, let's expand the community management table we used in our discussion with Local Motors.

Table 7.2 provides an overview of the community management roles across the *search*, *collaboration*, and *integration* patterns that you need to consider for your projects. It highlights the differences between the types of institutions that enable each pattern.

The following final example in the chapter will show how an organization has used community management to drive results using the *integration* pattern.

GIFFGAFF: COMMUNITY AT THE CORE OF THE BUSINESS

You might be smiling if you are an expert on ancient Scottish, because you know that *giffgaff* is an ancient Scottish word that means mutual giving. But the Giffgaff we are talking about is actually a very modern idea: it is a UK-based wireless mobile virtual network operator (MVNO) that is a wholly-owned subsidiary of mobile operator O2 (in turn owned by Telefonica).

Since 2009, Giffgaff has grown steadily, and stands apart in an industry notorious for poor customer service and frustrated customers. However it has also distinguished itself because Giffgaff's full-time team only consists of about 20 people. The company has built its business model on community involvement—and has succeeded in having its customers take on new roles in almost every aspect of their business. Giffgaff's idea platform was incredibly active during its first two years, seeing almost 7,000 ideas and over 50,000 comments. And they have implemented ideas into their operations and service at an average of one every three days.

But what really sets Giffgaff apart is the extent to which they consult their community on core business model decisions.

In September 2012, Giffgaff's head of community, Gregg Baker, asked the community for ideas to help solve a problem facing all mobile

Table 7.2 Key Attributions of Different Crowdstorm Community Management Patterns

Community Management Mode	Search	Collaboration	Integration
Outcome Focus	<i>Getting Ideas:</i> The community's primary goal is to gather ideas and solutions.	<i>Getting and Evaluating Ideas:</i> Activities are still focused on getting ideas, but also look to gather feedback about the ideas.	<i>Realizing Ideas:</i> Activities include everything in the <i>collaboration</i> pattern, but with additional emphasis on realizing the ideas.
Community Interactions	<i>Low:</i> Limited interactions between participants.	<i>Medium:</i> Participants can see and respond to one another's' submissions. Communication between participants is facilitated by social media tools. Participation is tracked, credited, and is made transparent to the community to support shared values.	<i>High:</i> Participants' interactions span multiple business processes and thus there are more interactions between outside participants and the internal organization.
Community Management Strategy	<i>Monitor</i> <i>Support</i>	<i>Monitor</i> <i>Support</i> <i>Advocacy</i> <i>Sanctions</i> <i>Collective Choice</i> <i>Value Exchange</i>	<i>Monitor</i> <i>Support</i> <i>Advocacy</i> <i>Sanctions</i> <i>Collective Choice</i> <i>Value Exchange</i> <i>Membership</i> <i>Nesting</i>
Community Stake	<i>Low:</i> Participants simply submit their ideas and wait for the result. They are not motivated to share ideas	<i>High:</i> Participants feel ownership not only in the outcome of individual transactions but in the ongoing health of the challenge structure. There is value in participation beyond the immediate contest.	<i>Integrated:</i> The organization and community are an integrated community and act as a part of the organization's business operations.

carriers: as the number of smartphone users increases, so does the use of data on the mobile networks that impacts how operators address service issues and how they charge for this—which upsets customers.

For example, each operator in the United States deals with this issue differently. Some simply reduce access speed when users reach the allotted monthly allowance, while others charge at a specified rate once the allowance is exceeded. This can be a frustrating and sensitive issue for customers.

Giffgaff put this on the table for their community to help solve. In order to do so, Giffgaff had to openly discuss the relationship between their costs and pricing options as well as competitive information and options to reduce bandwidth usage. By doing this, Giffgaff was letting the community into the core of its business—how much data people used and what they were willing to pay. By inviting all of its members to participate, they were integrating their customers into the heart of their business.

TO RECAP

This chapter's case studies highlight the ways in which organizations can manage crowdstorming projects to drive results.

The approach to community management is a function of the type of interactive pattern used in crowdstorming challenge. Approaches range from ensuring that the right participants show up and are properly supported, to facilitating community members' collaboration, to furthering the integration of design and delivery so that communities can realize new products.

Monitoring communities at all levels requires the ability to understand how participants are contributing. In the next chapter, we look at the many ways community managers monitor and measure activity to support crowdstorming communities.

CHAPTER 8

Understand Participant Contributions

*Sometimes it's not enough to know what things mean, sometimes
you have to know what things don't mean.*

—Bob Dylan

When Wikipedia's founder, Jimmy Wales, was asked about his active core contributors in 2006, he said that about 500 people were responsible for creating Wikipedia. This group conducted most of the edits (that is, made changes to Wikipedia documents). Since each change is recorded on Wikipedia, it is possible to log and attribute a variety of actions to each of the participants.¹

However, a Stanford student named Aaron Swartz challenged this characterization of the community. "Wales was just counting the number of edits—the number of times a user changed something and clicked save. Wouldn't things be different if he counted the amount of text each user contributed?"² This question really resonated with your authors. We are responsible for creating the content, but without help from our editors, this book would be much, much worse. We have the old drafts to prove it.

As community manager in chief, it was Wales' job to understand his contributors. Surely, he knew who his main contributors were. Seems simple, except that we're asking him to understand hundreds of thousands of participants—this is a very different problem than understanding how to work with the much smaller team on this book.

Swartz's question about how Wales measured participation was important because it influenced how he would manage the Wikipedia site and community. As he said to Aaron Swartz, "This is really important for me, because I spend a lot of time listening to those four or five hundred and if . . . those people were just a bunch of people talking . . . maybe I can just safely ignore them when setting policy"—and instead worry about "the million people writing a sentence each."³

Swartz tried to understand the various kinds of different edits. Spelling corrections were edits; but so were the insertions of whole

new pages of original content. So how could he count them in the same way? If Wales' 500 were focusing on spelling and grammar and ensuring certain standards, where was all the *content* coming from?

When Swartz hit upon the idea of counting letters instead of edits, he uncovered a significantly different story regarding the participants. He found that while most *edits* were concentrated within a small number of insiders, most of the *content* (the large paragraph additions, which might take just a few edits) was coming from people *outside the core group Wales had described*.

Swartz found that when “you put it all together, the story becomes clear: an outsider makes one edit to add a chunk of information, then insiders make several edits [by] tweaking and reformatting it. In addition, insiders rack up thousands of edits doing things like changing a category’s name across the entire site—the kind of thing only insiders deeply care about. As a result, insiders account for the vast majority of the edits. But it’s the outsiders who provide nearly all of the content.”⁴ So while Wales’ 500 contributors play an essential role organizing and refining content, new content came primarily from a very large group of contributors. And, the number of significant contributors based on Swartz’s definition—people who edited more than 10 times⁵—skyrocketed to over 150,000, just for the English version of Wikipedia.

This change in the way Wikipedia participation is measured fundamentally changed the understanding of what participants were doing. And, as Swartz concluded, it should have an impact on the way the community needed to be managed. “Wales is right about one thing. . . . This fact does have enormous policy implications. If ‘occasional contributors’ are writing Wikipedia, then growing [the site] requires [that we make] it easier and more rewarding to contribute occasionally. Instead of trying to squeeze more work out of those who spend their life on Wikipedia, we need to broaden the base of those who just add a little bit.”⁶

Our Chapter 4 discussion gives us the luxury of knowing the rest of this story. The implications of Swartz’s analysis were borne out when a number of researchers started to notice in 2009 that new prospective editors were leaving Wikipedia. In 2011, Wikipedia commissioned its

own study to confirm the data: new editors were simply not staying, and old editors were leaving. The potential implications were a wake-up call for management. Yes, Wales' 500 were critical—but so were the tens of thousands of occasional Swartz contributors. Wikipedia learned an important lesson about understanding contributions and began to rethink how to manage its community.

WHY WE NEED TO UNDERSTAND CONTRIBUTIONS

Wikipedia highlights the complexity of monitoring; at the same time, it also shows how important monitoring is to community management. Wales was concerned about understanding the community in order to properly set policy. But whose needs should he focus on? Who should he advocate for as Wikipedia prioritized the development of new tools? The issues get to the heart of healthy community institutions—*collective choice* and *membership*. Shifting the definition of contributions, shifts who is considered part of the core membership. It also reframes who might be involved in making decisions about Wikipedia's future. The monitoring issue also touches on *value exchange*. If contributions are undervalued—for example, participants are offered the wrong support or limited incentives—and are based on the wrong metrics, then it is not hard to see how this would have a negative impact on contributors. This would therefore result in fewer contributions and, ultimately, disengagement from the platform.

Finally, understanding contributions also impacts how we think about trust and expertise. As we measure participants we find those who are making valuable contributions in the midst of the noise of hundreds of thousands of contributors. As we discussed in Chapter 7, *nesting* is necessary to scale by allowing communities to distribute management responsibilities across members of the community—using monitoring to identify contributors offers a way to find new contributors to take on community management roles.

ASSIGNING A VALUE TO FEEDBACK

For all crowdstorm patterns, we are interested in finding new ideas, solutions, and talent, but we are also—in the case of *collaboration* and

integration patterns—interested in feedback and filtering as well. When we discuss monitoring on a large scale, we need to account for participants who contribute in one or more ways.

We need to be able to understand which contributions are useful and which are not. In other words, we need to understand which people are adding value and helping to achieve our shared goals for the crowdstorm. Determining who is making valuable contributions helps community managers to better allocate their limited resources to support and offer incentives to the most valuable (or potentially valuable) contributors.

To understand this a bit better, let's revisit one of our previous cases, the LifeEdited challenge that asked participants to submit designs for a low-footprint apartment. LifeEdited followed the *collaboration* pattern, enabling contributors to submit ideas and then receive feedback in the form of comments and votes. The task was particularly complex; to encourage quality collaboration, incentives were provided for feedback, in addition to the rewards in prize money for the best ideas. There was a lot of feedback. The winner—who was selected by other participants and who went by the username SungUn—had this to say: “I would like to thank everyone who spent time and effort to vote and give feedback to participants of LifeEdited. Because . . . I know that my design skills would not have become this polished without your helpful advice.”⁷

This is great feedback to receive at the end of the process. But how do we know how feedback is working *during* the process? And how can we ensure it is working for all participants?

One approach is to have the community managers read through all the comments and use their judgment to select the most useful. The problem with this approach is that this requires them to sift through thousands of comments. For example, a community manager doing this for the LifeEdited challenge would have to look at the over 7,000 comments submitted on 303 ideas. But that is just the start. The community manager would need to know the context in which each was submitted—which means looking at the ideas and having the expertise to judge on any number of dimensions from aesthetics and materials to engineering, and economics. It is clearly not practical to ask community managers to judge the usefulness of feedback in this way.

DISCOVER THE VALUE OF CONTRIBUTIONS

Our challenge: how do we understand the large number of contributions from supporting participants? This is not an issue unique to Wikipedia or LifeEdited or more generally the *collaboration* and *integration* patterns. In fact, these types of contributions are common far beyond the crowdstorm process—they are core to many of our contributions in our online interactions.

In his book *Programming Collective Intelligence*,⁸ author Toby Segaran provides a view into a fast-growing world of algorithms that help evaluate online contributions from large groups of people. Segaran's examples point the way to how online environments can move beyond counting edits (our Wikipedia example demonstrates this) to providing *details* about the edits—that is, telling us how we can evaluate more signals to better assess contributions.

A familiar example we take for granted suggests that using algorithms to look at the data differently can yield surprising and very valuable results: search engines. Search is very concerned with understanding content's value—or, more specifically, content's *relative* value in response to a *specific* search. Segaran points out that Google does this today in a way that is very different from the way they originally did it when the site initially launched.

When Google entered the search business, the industry approach to search was to analyze content directly—that is, to use algorithms to understand a web page's content. What Google's founders realized was that there was additional data or signals that could help them rank or value web pages during a search. Nobody was considering the information contained in the links between pages. Initially, this data consisted of information such as who was linking to a given web page or what they were calling the page (in the link text).

Google was extracting meaning from a world of data left behind as people did their work. Links were one of the byproducts of creating content online. People were not purposely trying to help Google; they were focused on other people who might be interested in their content. Today these byproducts have expanded dramatically to

include online activities such as content sharing, “liking” on Facebook, or +1 on Google Plus.

If we want to make sense of the growing number of contributions in, for example, the LifeEdited contest, Segaran’s example points the way: we need to consider using algorithms to analyze “signals” that participants leave as they contribute and interact with one another.

VALUING AND REWARDING FEEDBACK

As we have already discussed, LifeEdited used the jovoto platform to enable interactions between participants. And jovoto has developed its own approach to understanding the value of feedback. In the beginning, the platform was simply enabled to allow people to comment and vote. But, like the example of Wikipedia edits, they realized that simply counting comments was not the best way to understand the contribution’s value. So jovoto gave participants the opportunity to like comments—a way to indicate whether they found a comment useful. As with Facebook’s like feature or the +1 on Google Plus, jovoto can now also look at how people respond, or who is responding to the comment; for example, did the idea creator respond, or did a senior person in the community say that the comment was useful. So, a number of possible signals quickly emerge.

From these various signals, jovoto has been able to develop algorithms to assign value to comments. This is the feedback that is likely most valuable in helping submitters to improve their ideas. Jovoto has gone a step further and awarded points for commenting behavior—specifically to the comments that the community deems useful (based on how members react to the comment). Jovoto calls these points *karma* points, which community members can earn not just from good ideas, but also from valuable feedback.

If we use the jovoto approach to understanding the value of comments, we find that it is effective to identify and reward the best commenters. Without an algorithm to analyze these contributions, it would be very difficult to understand or reward this behavior. And this

would make it very hard to identify the people who are providing all this good feedback.

FROM MOST VALUABLE CONTRIBUTIONS TO MOST VALUABLE PARTICIPANTS

The goal of the jovoto karma points system is not just to recognize the most valuable behaviors but, through this, to identify the most valuable members of the jovoto community. The system analyzes the quality of ideas, comments, and also votes (we will discuss ideas and votes in more detail in the next chapter). Karma is designed to get beyond simple counts; while it knows the number of comments, it is trying to determine whether a comment is *valuable*. If someone is rating an idea, jovoto is less interested in the act of rating; rather, it is trying to understand whether it should *trust* the rating.

Figure 8.1 shows the core community and the supporting community in the 1 percent and 10 percent levels of participation with the “long tail” of participants whose contributions are low. It shows how monitoring contributions enables the identification of the most valuable contributors.

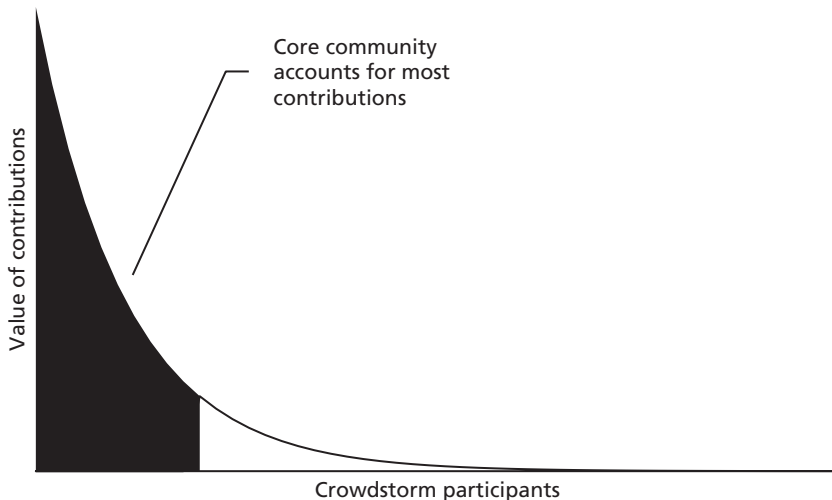


Figure 8.1 Participation Patterns

As Jimmy Wales pointed out, once you know the most valuable contributors, you are well positioned to serve them by listening and responding to their needs. In other words, a community manager with this knowledge is able to ensure that he can serve his most important stakeholders. Additionally, this provides information that helps us understand the overall health of the community.

For instance, if we look at the jovoto community, we notice that most people tend to contribute in multiple ways. That is, people who submit ideas also offer feedback to their peers via votes and comments. But if we classify people based on where most of their karma comes from, we start to see clear roles emerge. Looking at the top 1,000 jovoto community members ranked by karma score, 56 percent of the top tier earned most of their karma from submitting ideas. But 44 percent received their karma points primarily from feedback (in the form of ratings and comments). Jovoto community managers have long understood that the success of the community is related to feedback, and so they have sought to constantly refine how they measure and recognize those participants who provide it.⁹

LEARNING FROM CHANGES IN CONTRIBUTIONS OVER TIME

It is useful to have historical view of contributions, but what about *high potential participants*—that is, people who only recently started contributing, but who might turn out to be highly valuable community members in the future? As we saw with Wikipedia, it is easy to measure historical contributions and focus on current high contributors—something that often comes at the expense of missing the value that new people might add.

So even if we ascribe the right value to contributions, we still have a problem. Let's say you joined jovoto to participate in the LifeEdited challenge. You may have enjoyed the process and offered great feedback. But you did not return after this challenge. Other participants would continue to earn karma, and your rank would slip since your score remained static. (Actually, in the specific case of jovoto, your karma points *decay* over time. Recent contributions receive more value—so you would quickly find yourself slipping into the long tail of the power law

distribution.) We would want to know that, while your overall rank is low, it is not because you do not have great potential, but because something is stopping you from participating more.

It's crucial to be aware of this issue. In an effort to figure out why editors who had contributed then left, Wikipedia contacted the editors to ask what happened. Historic tracking provided a way to identify these individuals; their metrics indicated that they were among the core contributors, but they decided for some reason not to continue contributing. Wikipedia interviewed the former editors, determined what the issues were, and used the information in order to keep an eye on the new potential "high performers" rather than waiting for them to encounter problems. They checked in with them to provide support early on as they adjusted to the community. Understanding the changes in contributions over time made this possible.

CONNECTING MEASURED VALUE TO COMPENSATION

Under normal circumstances, jovoto participants receive karma points for feedback and ideas. However, the points do not translate into financial compensation. They are simply used to show ranks and recognize significant contributors. The same is true for some of the other communities we have discussed. Local Motors uses metrics to understand contributors—and as a result, the overall health of the community. The Threadless story is similar. As is LEGO Cuusoo. There is no public leaderboard for the community, but Threadless tracks how many designs people have submitted as well as their ranking behavior—giving them a way to understand individual contributions. The same is true for LEGO Cuusoo.

But there are firms that evaluate contributions as a means to pay contributors.

In May 2012, Giffgaff paid out almost \$1.8 million to its contributors.¹⁰ As we discussed, this company relies on their community for everything from new ideas to sales. Giffgaff participants receive points for their contributions that they can redeem in cash or put toward more credit on the Giffgaff mobile network. Participants can also choose to pay out their points to a community-designated charity.

There are some interesting implications to linking points to rewards.

Some of the Giffgaff points seem easy to calculate. For example, you receive a reward if you help to sell the service to a new subscriber. This is simple enough: Giffgaff provides a number of ways to track sales from specific members and they have a straightforward point-assignment system. But giving points becomes trickier when it comes to contributions in the form ideas and feedback. Giffgaff is wary about connecting these types of contributions to cash rewards. Specifically they believe that if they link points explicitly to cash, they will encourage a number of negative behaviors that will degrade community-wide performance.

What might these negative behaviors look like? If we decide to use a like function to indicate that the comment was useful, we are immediately open to exploitation. Groups could get together and simply like one another's comments. Very soon, this behavior has the potential to drown out the truly useful comments, thereby rendering this metric useless. In the Giffgaff environment, users can also award one another points if they present a good idea or useful feedback. So they are subject to the same risk; an explicit link to payment will likely result in a variety of creative approaches to rewarding points and gaming the monitoring system.

To solve the problem, Giffgaff does not share real-time points with the community. Instead, their platform enables them to monitor a range of signals like "kudos" received or comments made. During each payout period, the Giffgaff team can analyze and rank participants into *contribution bands* (a more complex version of the 1–9–90 contribution bands). They avoid sharing specific scores, and they also give themselves an opportunity to identify situations in which gaming might be taking place.

QUIRKY—ASSIGNING FINANCIAL VALUE TO CONTRIBUTIONS

One of the most interesting platforms for contribution measurement is Quirky, whose measurements process directly impacts how much their participants stand to earn. Here is how it works.

Quirky evaluates how much a contributor influences the final result of the product. The more you influence the final product, the more you stand to earn as a percentage of sales when the product is realized. Quirky makes available 30 percent of the retail and 10 percent of the wholesale price to be shared among the community based on their influence. (By comparison, participants in the LifeEdited project earned karma by submitting ideas, commenting, and voting; however, the final payout in terms of financial rewards went primarily to winning ideas.) Quirky takes the next step: their points ultimately result in payouts linked to the volume of sales.

In Chapter 4, we discussed Quirky's "Pivot Power" challenge—the redesign of the old power strip. The idea submitter gets a minimum of 42 percent of these royalties—which seems like a good deal. But this also means that more than 50 percent of the participants are getting paid for something *other* than submitting the idea. (And since royalties are paid in perpetuity, this is just the beginning of the rewards for contributors.)

Quirky has devised a number of clever ways to encourage and measure participation. For example, several contributions are winner-takes-all—not very different from many of the prize challenges we have already discussed. If you submit an idea that's selected for development, you win—and get 42 percent of the available influence.¹¹ You can also submit an idea for the product name or the tagline and receive rewards for the winning ideas. You can win as well if you had cast a vote for the winning design. You feel motivated to participate because you share in the reward of a successful outcome.

Finally, you can earn points during the research phase, since individuals who take part in the focus groups are also rewarded with small shares of the revenue. There does not need to be a best response for this type of activity; there simply need to be enough participants to get Quirky the information they need for research. This is not too different from Giffgaff's approach, where more participation (of a certain quality, of course) gets contributors more points—which they can then convert into financial rewards.

Quirky has invited contributors to participate in multiple steps of the product design cycle in different ways. By breaking the process

down into explicit steps, they take advantage of *nesting*; that is, they make it easy to measure contributions in a complex process simpler by dividing it into small, focused interactions. Also, by creating discrete phases, they can more easily assign relative value to specific steps and particular roles in the design process. The original idea is worth 42 percent; additional ideas for name and tagline receive another 10 percent. Like jovoto, a little over 50 percent of the available points go to ideas, while the rest go to feedback—from research questions, to pricing and materials.

MONITORING WITH SOCIAL FEEDS

When we first introduced the idea of different crowdstorm patterns, we referenced the increasing interactions and resulting complexity of the *collaboration* and *integration* patterns. We can see from the examples of jovoto, Giffgaff, and Quirky that complexity increases as the crowdstorm process is divided into projects and specific phases. And we can also appreciate the importance of rigorous tracking to help community managers support their crowdstorm communities.

It is also essential for *participants* to have visibility as part of the activity. Like community managers, they need a way to track what is happening and discern where there are opportunities for them to participate. They need a way to understand things such as: When is a new question posted? When is an idea posted for which they can offer feedback? When has someone responded to *their* feedback?

All of the organizations and platforms we have discussed have solved this problem in a similar way: they used a social feed similar to what we experience on our social networks like Facebook or Twitter or on corporate feeds like Salesforce's Chatter or Microsoft's Yammer. As participants choose to follow or friend people, some of their actions begin to show up in the participants' feed. The difference for jovoto, Quirky, and Giffgaff is that these actions are focused on the crowdstorm process. They let participants know when new opportunities are announced for participation and when their friends post new ideas (so they can review them and offer feedback) or post feedback that they can respond to. They can see idea ratings and respond by improving their own ideas.

Nesting is an important part of this scaling. These feeds enable participants to evaluate their nesting strategies by helping them determine what interactions to focus on and decide what contributions interest them most. For example, a participant who joins jovoto for LifeEdited can choose to follow activity for architectural challenges. Once a participant submits an idea on Quirky, that action indicates interest in following interactions with that idea and that participant will want to know who has responded to that idea in order to review their feedback and respond if necessary (if only to thank them).

As we consider what shows up in our social feeds, we can get a sense for why it is essential to focus on valuable contributions. For example, we might not be interested in seeing *every* idea posted, but we do care about the ideas that are generating a lot of discussion or that have received very positive feedback. In crowdstorming spaces, participants want the same capability. They want to focus on what is most important and manage their own feed.

Community managers also need to create useful feeds to determine what is most important—to have a way to decide what is going to be most useful to participants. Their feed becomes an essential way to organize the community. They can pick a sample of participants—from the top contributors through to new arrivals—and directly monitor their activities to get a feel for everything from the rate of idea posting to the quality of feedback.

As most of us have experienced with our social networks, the feeds are a powerful way to monitor and then pick points to engage. They function in the same way for crowdstorming participants, but content is focused on the crowdstorming process.

HELPING PARTICIPANTS TO HELP ONE ANOTHER

Beyond social feeds, our examples of *collaboration* and *integration* patterns have something else in common: they do not just ask for help with ideas, but also with support. And they all use a variety of monitoring techniques to identify people who need help. Giffgaff monitors Twitter as well as participants' Facebook pages, in addition to offering

a forum space to post longer questions. Jovoto and Quirky also have their own forums where they highlight current open questions or important recent discussions.

Why so much focus on support? All of these organizations understand the same lesson that Wikipedia learned: potentially valuable contributors all have to start somewhere. And since they usually have questions, it's important that they are answered. After all, they are unlikely to invest the time to share their ideas and knowledge if their first experience is a negative one where they don't get the help they need. Further, participation rates are linked to the ease with which people can participate—less help means more people who would otherwise be contributing will likely be stuck.

All of these organizations highlight incoming questions so that the community can help to respond, which helps in a few ways: it doesn't just reduce the workload for community managers, it also ensures that fast and good responses come from generally well-informed people. But these groups go further than simply showing questions. They also highlight the number of responses and views, thereby making community managers aware of situations where people are not receiving timely help. They also ask people to signal when a question has been answered. If questions remain open after they have been answered, participants (including the community managers) might waste time reviewing and responding.

IF YOU SEE SOMETHING, SAY SOMETHING

So far, we have discussed monitoring contributions in order to identify and better serve our contributors.

But with lots of interactions in crowdstorming spaces, there is always the potential for abuse. It might be a particular comment's tone or aggressive negative ratings (which we previously referred to as *bashing*). Or it might be that an idea is similar to or even a copy of something that exists. These issues can slow down or even prevent participation. As part of monitoring, we always hope for the best but should be prepared for the worst.

After the 9/11 attacks in the United States, law enforcement in New York City's Metropolitan Transport Authority (MTA) launched a campaign in public spaces. Posters urged people to report any suspicious activity and told them, "If You See Something, Say Something." The campaign has subsequently been rolled out to other states and, more recently, public spaces like sports stadiums. The idea is to augment police monitoring by reminding the public that we can join in and offer some support.

Community managers can be responsible for policing the community in a similar way—constantly on the lookout for any infringements on agreed-upon policy. But we can also give participants a simple way to say something, if they see something. Often called *flagging*, it has been a staple of online environments since early message board, when readers could flag messages for review by moderators.

FROM MONITORING TO DECIDING

Monitoring is essential to enable community management. It helps community managers identify who needs their support as well as who is making the most valuable contributions. Ultimately, it can provide an important link back to incentives—by establishing who will be rewarded, for what efforts, in particular for efforts that support the community (beyond providing the best ideas). It is easy to find actions to count; the harder issue is determining which of these actions has value. It is therefore often necessary to combine and analyze multiple signals to properly understand contributions.

Beyond the issue of measuring contributions, monitoring can also help participants and community managers to signal when they need help—and also understand *where* they might help. Feeds have quickly become a mainstay of our social networks—the same is true in these specialty networks, particularly for the *collaboration* and *integration* patterns.

We have focused a great deal on evaluating feedback. But this is only half of the issue, of course. How do we evaluate the very *ideas* that participants offer? In the following chapter, we explore idea evaluation in general and look at the many ways in which monitoring can help to filter and reveal the most promising submissions.

CHAPTER 9

Reign in the Tyranny of Ideas

I'm the decider, and I decide what is best.

—G. W. Bush

*Ninety percent of [science fiction] is crud, but then,
ninety percent of everything is crud.*

—Theodore Sturgeon

There is one problem with everything we have told you so far. If you succeed, you will find yourself with many, many ideas or proposals or even prototypes. We have taken to calling it the *tyranny of ideas*.

Organizational decision-making has not lacked approaches to selecting the best ideas; methods like SWOT (strengths, weaknesses, opportunities, and threats), cost–benefit analysis, or decision tree analysis might all sound familiar. But the output from crowdstorming is at a scale that these approaches never anticipated. Our concern, then, is not to review *all* decision-making frameworks, but simply to highlight what appears to be working best when dealing with large numbers of ideas.

WHEN IDEAS CAN BE TESTED

Among the things we emphasized when asking for ideas was to make sure you knew how complete you wanted the answer to be. In other words—are you looking for a sketch on the back of a napkin, or a fully functioning business (or any number of stages in between)? When submissions take the form of working prototypes, you can directly measure the proposals’ merit to find the best—whatever it is in your case (for example, the fastest time, the least amount of error, or the lowest cost).

A good example of direct testing is Netflix, which asked data scientists to help them improve the way they made movie recommendations. Though the company had developed its own recommendation system, Cinematch, they thought there was an opportunity for improvement. They believed that by sharing their data and asking external talent for help, they would be able to come up with a better algorithm—thereby improving their ability to help customers find the movies they would

love. They knew the \$1,000,000 prize they were offering would garner a lot of responses—so they needed a robust approach to fairly and accurately evaluate them.

Their criteria was straightforward:

We provide you with a lot of anonymous rating data, and a prediction accuracy bar that is 10 percent better than what Cinematch can do on the same training data set. (Accuracy is a measurement of how closely predicted ratings of movies match subsequent actual ratings.) If you develop a system that we judge most beats that bar on the qualifying test set we provide, you get serious money and the bragging rights. But (and you knew there would be a catch, right?) only if you share your method with us and describe to the world how you did it and why it works.¹

Core to the success of the Netflix challenge—asking for ideas that could be tested and having a system to evaluate lots of ideas.

Another example of direct testing comes from the Defense Advanced Research Projects Agency (DARPA), whose Red Balloon Challenge we discussed in Chapter 6. To recap: DARPA wanted to explore the roles that the Internet and social networking play in real-time communications. During the challenge, teams had to locate 10 red balloons placed around the United States and then report their findings to DARPA. The difficulty in this scenario was the distributed nature of the contest that required teams to be smart about using online resources. The genius of DARPA's approach to their challenges was that they did not need to consume resources to identify the best ideas. They structured the challenge in a way that allowed them to easily evaluate responses to determine which teams arrived at the right answers first.

How did they do it? Though DARPA had more than 4,000 entrants, they managed to create a system that let them easily identify the best submissions. Participants had to submit answers in the form of coordinates for the location of the distributed balloons over the course of the day. They could quickly check these coordinates against the

answers; you either had one, or you did not. So, even if each team submitted multiple guesses for the 10 locations—thereby rocketing the number of submissions to 400,000—the evaluation remained simple. DARPA was able to identify the top 10 winners out of 4,000 in short order. They then conducted debriefs with the top teams, offering an opportunity to further understand if there was any rule breaking.

The advantages of direct testing are clear. You do not need to have people evaluate each idea. Once you have a test process, you can easily scale to test many ideas. The downside of direct testing is that it does not work for lots of crowdstorming projects, since it requires that a “functioning” or working version of an idea be put into production to do the evaluation. And, as we have seen, the incentives to motivate participants to make this investment is generally high—and not always practical.

So, we are often dealing with submissions that cannot be directly tested in a significant number of crowdstorm projects. In these situations, people are required to decide. These include experts and crowds—and the processes they use to decide are many.

EXPERT EVALUATION

Many of our *search* pattern examples demonstrate the use of experts who assess the value of submissions. We have seen how organizations like InnoCentive and P&G solicit ideas, then work with domain experts to pick the best responses. In simple terms, the group that was concerned with ideas generated within the company is now responsible for reviewing additional ideas from outside. We know this approach works, not just for science and engineering, but also across a range of other domains—from advertising to investing. The main challenge—how do you make this approach work for many more ideas?

Victors and Spoils (V&S) is an advertising agency inspired by a simple idea: great advertising talent can be found all over the world. V&S believes that while traditional agencies might be able to assemble some talented teams, most of the talent is never going to work for you. The V&S model brings together their expert creative directors and strategists with thousands of talented advertising

copywriters, graphic designers, art directors, interaction designers, account managers, and strategists.

The first proof of what might be possible came in 2009 when world-renowned advertising agency Crispin Porter + Bogusky convinced a client to crowdsource the design of a logo. The experiment was met with a mix of responses. On one end, some designers argued that the process exploited participants. Participants had to propose a logo design without compensation. Although requesting proposals is not unusual, it is unusual that the proposal was also the work product, often called *spec work*. On the other end of the spectrum, there was excited speculation about what this might mean for future advertising creative work. The experience confirmed for John Winsor, who cofounded V&S, that there may well be a very different way to do advertising work—that it could be possible to create an agency where much of the talent existed outside the core organization. And so V&S was born.

While V&S has experimented with a number of ways to work with the crowds of creative talent, they have relied on a decision-making and evaluation model that depends on the expert: their organization's creative director. In fact, V&S cofounder Evan Fry had already won awards and was recognized as one of the most talented creative directors in the business. V&S designed their model around people like Evan, with deep expertise in working with different creative talent to produce great advertising. While V&S gets the best ideas from anywhere, the creative director is the decider.

While a head-to-head comparison with existing processes is difficult, there are positive signs for V&S's pioneering process. A number of global brands signed on as clients, and within three years of building V&S, this new agency was acquired by one of the leading advertising agency holding companies—Havas.

While creative directors are concerned with evaluating creative ideas in the service of advertising, venture capitalists are concerned with the future prospects of businesses. Venture capitalists face a similar issue of trying to make complex judgments about an idea's future potential. In most cases, their primary concern is deciding to make substantial investments in time and money to produce promising ideas.

One way to simplify the evaluation process is to let people know in advance what questions you will ask. As we noted in Chapter 3, Sequoia is one of the world's leading venture capital investment funds. They are clear about what they expect to learn from entrepreneurs; their call to action frames the questions and establishes their evaluation criteria. To get a sense for the complexity of this evaluation problem, let's explore some of their criteria.

One criterion that is often cited is market size or addressable market size. In other words, assuming all goes well, how big might a company turn out to be? The upper limit for a company's size—and therefore the upper bound on returns for venture firms—is established by addressing addressable market size. But this is no simple question, because any number will be based on a variety of assumptions. For example: how would you look at a forecast for Google advertising revenue possibilities in a given year in the future? Or, how would you decide on the potential market size for new markets like Atari or Apple? Or what about the adoption of a new payment platform like Square. Sequoia invested in all of these firms before most of us had ever heard of them.

The same issue of assumptions plagues most criteria at the early stages. In many cases, just to evaluate some of the claims, venture firms will turn to a range of experts—from professors to industry leaders—to help understand specific assumptions. Through a series of conversations and analysis, the investment team is able to evaluate both the assumptions and, ultimately, the business potential.

Sounds like a lot of time-consuming, complex work? Yes indeed.

The number of hours required from even seasoned investors to evaluate business plans can be crushing. Consider the time and resources required if DARPA had asked for 4,000 business plans for the Red Balloon Challenge—rather than simply asking everyone to solve a problem and measure results.

THE END OF HIPPOS?

As Andrew McAfee of the MIT Center for Digital Business has pointed out, many “established organizations still practice ‘decision making by

HIPPO (Highest Paid Person's Opinion).”² Google marketing evangelist Avinash Kaushik coined the term *HIPPO*. Since 2006, Avinash has helped organizations understand how they can use data to make decisions rather than relying exclusively on HIPPOs. Building on his ideas about the limitation of HIPPOs and the promise of data from large groups of people, McAfee notes that we can look to crowds during the decision phase in the same way that we look to them for ideas. So we can see a continuum emerging. On the one end is the traditional approach of leveraging experts to select the best; the other end employs *the wisdom of crowds*, which relies on analysis of data and feedback from multiple stakeholders about the proposed idea's fitness.

Strong cases have been made for both the wisdom and madness of crowds. The issue with the wisdom of the crowds is that crowds can be useful on certain tasks. So which types of decisions are best suited to crowds? As David Leonhardt puts it,³ crowds or “markets are at their best when they can synthesize large amounts of information. . . . Experts are most useful when a system exists to *identify the most truly knowledgeable*. . . .”

If we think about Victors and Spoils or Sequoia, we have a good reason to believe that the people reviewing the ideas are some of the most knowledgeable in their fields. Crowds tend not to select the best results or the most feasible ideas when they have insufficient information for making a valid choice—or an inadequate ability to synthesize it. Having many people who know nothing about advertising or investing is not going to increase their chances of picking the best ideas.

But it's even more complicated than that. It's useful to ask a group of potential users for a new product or service because they have experience with the problem and with the solution. But asking this same group to weigh in on something like what new energy technology might win out in ten years is an entirely different matter. There is some level of expertise required just to understand the basis for competition among energy technologies—from the physics involved to the economics of moving from test-scale to production-scale energy production.

Beyond the issues of expertise and diversity, there is the question of how to best capture feedback from larger groups.

HOW THE CROWD DECIDES

Most of us are familiar with simple up-and-down voting or, increasingly, liking or supporting. This type of signal provides a way to build a filter. At a basic level, gathering more likes means more people support an idea. But while the act of voting is simple, it can lead to biases.

One simple issue is that some people vote once, while others might vote much more often. The result is the more frequent voters will slant the result; it is a system that can quickly result in bias. A fix for this problem is simply to limit the number of votes to ensure that everyone is equally represented. But does the simple majority vote alone ensure that the voting is fair?

Let's look at a couple of examples that demonstrate different approaches in order to answer this question.

In the United States presidential election, the so-called popular vote is the majority vote; it is the sum of votes cast across the United States for each candidate. However, this is not the math that matters for deciding the future president. Votes in each state count toward the Electoral College, and each state has a certain number of votes that they can cast. Once the majority vote determines each state's winners, the votes for each state are assigned to the particular candidate (with a few exceptions). The candidate who receives the majority of these Electoral College votes wins.

The world of sports offers a different set of voting approaches. Participants in a knockout or elimination model compete to advance through a series of rounds. Losers are eliminated while winners go on to the next round. In a league model, teams are assigned points for different outcomes—win, lose, or draw. The team with the most points at the end of season is the winner.

Researchers at Xerox were curious about how different online voting approaches compared—specifically how one might compare the efficacy of simple majority voting versus tournament or elimination models. To do this, they started with known answers in a series of tests—so they wanted to see under what voting structures the crowd would reach the right conclusion. They found that although majority voting failed, tournament and elimination models worked.⁴

We can start to see that while the idea of majority voting is attractive in its simplicity, there is still much to consider to get the best from a crowd. Another limitation comes to light when we want to know how much someone likes something. In this situation, we want more than simple binary feedback; here we are looking for some detail. A very popular alternative to the simple like is a rating, which has now become a mainstay of consumer reviews on sites from Amazon.com to Yelp. In the context of crowdstorming, the reviews are simply responses to ideas, rather than existing products or services. Our case studies have shown that as reviews become more complex, we get a deeper understanding of how evaluators see an idea's strengths or weaknesses. But the downside again is that this requires more work from participants. And, as we've learned, with increasing complexity and time commitment, participation drops off quickly, following a power law.

WHO *SHOULD* DECIDE?

We find ourselves with an interesting trade-off. We can gather simpler feedback from more people in a majority vote mode, or we can collect more detailed—and potentially knowledgeable—feedback from smaller groups. We can also ask for multiple rounds of feedback using knockout or league models to improve the process; however, this creates the risk of having fewer participants since we have increased the work again. We can offer to compensate people for their feedback. As we noted in the last chapter, once we are tracking feedback, we are in a position to reward people for it. But there is still a limit to how much additional participation we can expect if we more than double the amount of work per person.

We know that current or prospective customers' opinions are important. We also have an opportunity to find and listen to another group of potential decision-makers whom we have met in previous chapters—participants playing supporting roles like giving feedback or voting. Let's look at this group first and then discuss how customers help us select the best ideas.

POPULARITY CONTESTS AND PEER REVIEWS

The Starbucks Betacup case study offers a window into a number of voting option combinations that provide different perspectives and lenses to evaluate the best results. The participating group was designed to involve members with domain knowledge as well as those with an interest in the challenge (prospective end users). All participants could submit ideas, collaborate by commenting on them, or team up and vote on ideas.

This approach provided three mechanisms to select the best ideas. First, it allowed for majority voting by the community (or peers)—idea submitters, collaborators, and participants who only cast votes. Second, the Betacup team invited an expert jury comprised of domain specialists from the product design, marketing, and environmental sustainability worlds.⁵ And finally, representatives from Starbucks planned to take these selections into consideration, but also had the option to select their own winner for possible licensing.

What was most interesting about the process is that it provided a way to contrast the expert process with the peer review process. If you recall, the contest received 430 ideas that were updated over 1,500 times in response to feedback based on over 5,000 comments and 13,000 ratings. The ongoing ratings were used to produce ongoing rankings for the ideas. This in turn helped participants understand how they were doing, and they were able to come back and refine their submissions.

In the final two weeks of the Betacup challenge, the contest went into a rating period. At this stage, no further idea updates were permitted and the expert jury and peers could focus on ratings. Because the contest was open to anyone, people could also invite their friends to rate and offer feedback. This is where we saw the issue of bias we discussed earlier in this chapter. The ratings process moved from providing knowledgeable feedback and peer review into a popularity contest—something that the data made very easy to see.

In the final days of the contest, the rankings began to move around quite visibly. Submissions that had done quite well throughout the contest moved down, while new submissions were appearing at the

top. The issue became clear as we looked at the data: some of the friends and supporters that people had recruited were abusing the ratings system. This was not a surprise, really; in fact the Betacup terms and conditions contained a number of stipulations about the voting function, defining what they meant by fair.⁶ For example, people agreed not to create fake identities for the purpose of voting, and users agreed to not deliberately give bad ratings to improve their own ideas' standing (what we have called *bashing*).

The platform used for the Betacup had a number of tools to evaluate individual rater performance. We were able to look at how far a participant's behavior deviated from the mean. For example, if a person gave a relatively high vote for one submission and then relatively low votes to others, they would be designated a poor voter. Using this and other signals, jovoto was able to identify bashers and exclude these votes from the final count. This move helped ensure that rankings could be derived from peer ratings.

After accounting for biases, jovoto published the final ranking. The experts' winner was ranked seventeenth out of 430 ideas in the popular vote. This seems like a substantial disagreement between the expert and peer review process. However, this depends on the expectation. Do we expect peer reviews to pick a winner? Or is there a benefit if we can filter out 90 percent of the ideas, so that we can focus on the top 10 percent?

Undoubtedly, if you were a participant in the Betacup, you likely would have experienced a range of emotions in the final days. You might wake up in the middle of the voting period to find your ranking had dropped or improved with no easy explanation. You would likely be angry, and rightly so. How could this process be fair when the ranking system appeared to be open to manipulation? To address this, jovoto held open discussions with participants.⁷ People made a number of interesting suggestions—one in particular that was easy to implement for future contests.

A system was proposed to identify people who had contributed above a certain level by using jovoto's karma points system; their votes would count if they reached a certain threshold of points (demonstrating they were valuable participants). In other words, jovoto's

monitoring system was being used to sort peers from friends, the first steps to enable peer review versus a popularity contest.

We reran the voting using the contest data and included only the votes for people who had participated above a certain threshold—that is, those who had earned a certain amount of karma, identifying them as peers. We found that this subgroup did better at predicting the expert selection.

As discussed previously, it is important for those who participate in a community to be clear about who is part of the community—who can be part of processes like collective choice or decide on the best submissions. Measuring and monitoring contributions helps to identify peer groups for inclusion in the selection process. We have a way to select a large number of participants that can provide a good way to filter ideas. They can facilitate picking winners by helping to ensure that the best ideas are not lost in a sea of submissions and make it easier and more efficient for experts to focus on the most likely candidates.

FEEDBACK FROM THE CUSTOMER

Peer review has its place; but it also has its limits.

In September 2012, Quirky founder Ben Kaufman described how Quirky’s community feedback had changed over the past few years. When Quirky started, the community was very focused on particular types of products, including electronics accessories such as iPhones and iPads. But as the Quirky community has grown, so has its focus. As Ben put it, ideas “for a new type of baby bottle shouldn’t be shat on by a 43-year-old hardcore gamer who lives in his parents’ basement. Similarly, his Monster Energy coozie shouldn’t necessarily be reviewed by kindergarten teachers.”⁸

This is a real challenge for communities. On the one hand, members of a community want to participate in decisions about what the community does. It is part of the collective choice and membership institutions we discussed in Chapter 7. At the same time, it is necessary to qualify feedback on the basis of whether or not someone is a potential customer.

LEGO Cuusoo has a similar issue, but a different approach to the problem. Anyone can submit ideas to be reviewed by Cuusoo fans. In fact, they are free to invite people to vote for them. But this simple majority vote model is less focused on feedback and more focused on filtering. If an idea receives 10,000 votes, LEGO's internal team will review the idea. Beyond this initial filtering, there will be many more opportunities for feedback and testing. For example, LEGO's internal team will work with the fans who proposed and supported the ideas to come up with a final design to take to production. They can help to refine and test issues from price point to packaging.

The LEGO Cuusoo program is relatively new, so only a few ideas are in production. While LEGO has not shared how they are doing from a sales perspective, the process appears to be working from a few dimensions. First, one user has already had two ideas nominated; he is now on LEGO's radar as someone they might want to work with more closely. In this way, the approach has helped LEGO discover new talent. It has also been very effective at generating conversations and ongoing awareness for LEGO, through ongoing content production to describe new LEGO products.

LEGO's process is similar to crowdfunding processes, but with one very important difference. The most popular forms of crowdfunding ask people to prepurchase—not just to signal interest, but to commit to paying for something. Of course, the idea of agreeing to pay for something before it is delivered is not new. What *is* new is using it as a signal to understand the value of an idea before it is even produced.

FROM LIKING TO BUYING

The decision-making process using crowdfunding works like this: companies present ideas as if they are ready to be purchased, and people commit to purchase before production. We do not need the expertise of Sequoia Capital to try to judge the business's future potential or help from Victors and Spoils to evaluate a design; we can bypass expertise, peer review, and voting if enough people are willing to buy an idea. Or can we?

The challenge with this approach to decision-making is that ideas need to be realistic—which means they need to be close to what the finished product might be like. And this can be tricky. In September 2012, the leading crowdfunding site, Kickstarter, posted guidelines to this effect: “projects cannot simulate events to demonstrate what a product might do in the future. Products can only be shown performing actions that they’re able to perform in their current state of development.” Also, “product renderings are prohibited. Product images must be photos of the prototype as it currently exists.”⁹

Asking prospective deciders who are also customers to prepurchase is a very powerful way to gauge which ideas will work. However, this approach is being refined to avoid the risks of offerings that have no hope of being realized. As Kickstarter’s new rules illustrate, presenting a vision of the future is likely too risky; however, presenting a vision of what one can achieve now will take a lot of work in the form of functioning prototypes. We still have a relatively small group of people who are capable of indicating how ideas might work when they are eventually realized.

THE CASE FOR HYBRIDS

Thomas Gegenhuber, a researcher in the crowdsourcing space, has been exploring how decision models might be combined and has offered the following input: “InnoCentive has a nominal setting—solvers create their ideas individually and cannot access the production of other solvers. The organization that seeks a solution assigns a group of experts with domain knowledge, presumably the researchers of the R&D lab, to select the best idea.”¹⁰ This describes our *search* pattern—where there is no interaction between participants—very well. Gegenhuber contrasts InnoCentive’s approach with consulting company Deloitte’s method based on its “Innovation Quest” process. In the Deloitte case, after “individuals created the ideas individually, a group of domain experts [from] the organization selects ideas for the next round. In the second round, the employees might team up with others to win the challenge. In the final phase, all employees are invited to vote and comment on the ideas, which is one criterion for selecting

the winners.”¹¹ Deloitte’s contest is run within the organization’s “four walls,” but the approach is hybrid: the process involves a mix of experts, employees (the “invited” crowd), and, finally, a broader “public” group of “all employees.”

We know that Quirky is doing something similar. They are asking for feedback from the community and then from their retail partners—who select what products are best for their channel—at different points in their process. We’ve seen Threadless doing the same in their work with GAP, where they add another level of selection beyond their community voting. And if we think back to Bobby Oppenheim, from Triple Eight, we know he took the peer review results and then discussed them again with his professional skateboarding team as well as his longtime retail partners.

The hybrid decision model is a little like a Swiss Army knife. So it is appropriate that our next example comes from the company that makes the original Swiss Army knife, Victorinox.

VICTORINOX—MULTIPLE DECISION TOOLS

In 2012, Victorinox CMO Andreas Michaelis had been intrigued by the opportunities that the crowd seemed to present. However, he also realized a number of critical risks based on his close observations—not the least of which was the decision-making process. As users of an iconic product such as the Swiss Army knife, Victorinox fans and lead customers are constantly suggesting ideas; and like many of the cases we have discussed, they are subject to the tyranny of ideas. For a number of practical reasons, the company could only consider a few of these.

Michaelis wanted to ensure that a crowdstorming pilot would lead to ideas that his company could actually implement. So the team focused its challenge on answering a question that already had an established path to product—developing the graphic design for the surfaces of knives included in the limited edition Victorinox Collections. The production for this design was well understood, so the challenge to create the design had a good chance of being implemented.

With the production risks out of the way, Michaelis and his team took a very deliberate approach to how they were going to select the best designs. They ultimately decided that they needed input from four groups: the participants, an expert team, Victorinox employees, and Victorinox fans.

The first evaluation layer made use of the jovoto peer review process. We've discussed how this process requires that participants have earned a certain amount of karma—that is, they have participated and demonstrated enough value to qualify them to vote. The second evaluation layer was organized internally. It consisted of Michaelis' expert team who reviewed the results from the peer review process to ensure that the designs could technically be produced, and that they were aligned with Victorinox's values. (Nine out of 10 of the produced designs were selected from the top 10 percent of designs ranked by the community. This fact underscores the value of the peer review process in effectively and efficiently filtering the large number of submissions—which, in this case, numbered over 1,000.)

With the expert review complete, all Victorinox employees were invited to select their favorite design out of the expert internally reviewed selection. The company saw the employee vote as a crucial step in creating employee ownership. As we discussed in Chapter 7, *membership* and *collective choice* are essential parts in the power of creative collaboration (in this case, a community that was now comprised of Victorinox and jovoto designers).

The final evaluation layer leveraged thousands of Victorinox's Facebook fans. They were asked to choose 10 designs from the 30 designs selected via the peer, expert, and employee decision processes. Each Victorinox fan was able to choose their favorite using a Facebook application that organized the voting process. This process was advertised via the Victorinox fan page, and led to high fan engagement, broad discussions, and a significantly increased reach besides the actual chosen designs Victorinox would generate.

Michaelis made this comment on the process: "We finally produced designs selected by our Facebook fans which, in other case, we would not have chosen ourselves. . . . These decisions have been proved right in terms of sales numbers."

How effective was this hybrid decision model according to Michaelis? “The evaluation process resulted in a unique limited edition selling 20 percent better than all limited editions we created before through a standard design process.”¹²

COMBINE THEM IF YOU CAN

We have looked at a number of mechanisms for dealing with the tyranny of ideas. There is a great deal of academic research and practical experimentation taking place in this area. Since it is not always practical from a time perspective to make a small number of experts responsible for reviewing hundreds of ideas, it is helpful to have some way to filter out the most promising ideas to create shortlists. Then there is a question of expertise and diversity. If people lack the know-how to evaluate risks associated with proposed approaches—such as new technologies or processes—then no amount of diversity will help. However, expert communities are prone to biases that adding diversity can help to overcome.

When we look at the choice of process, we notice that as one increases the number of people who can participate, new issues related to manipulation of voting or rating systems arise. Oversight is therefore required to counter biases and gaming.

To help decide the best way to select ideas, we have summarized the various approaches we have described (Table 9.1). While each has its advantages, hybrid models appear to produce the best results—albeit with the highest resource requirements in terms of time, infrastructure, and rewards.

Table 9.1 Decision-Making Approach Summary

	Who Decides	Processes	When to Use
Direct Measurement (Netflix Prize, DARPA Red Balloon Challenge)	Not applicable (but judges ensure that rules are followed)	Ideas are tested and their (relative) performance is directly measured.	Often used with <i>search</i> pattern, when ideas are mature enough to enable testing.
Expert Assessment (InnoCentive, Sequoia, Victors and Spoils)	Experts	Domain experts review and select the best ideas.	Often used with <i>search</i> pattern when experts can be identified using <i>established qualifications</i> . Also used when a <i>shortlist</i> of ideas can be generated or when idea pool is small.
Peer Assessment (Starbucks Betacup, Threadless, LEGO Cusoo)	Peers	Majority vote, rating, review, investment, interestingness.	Often used with <i>integration</i> or <i>collaborative</i> pattern when expertise can be <i>assessed</i> and when there are large numbers of ideas. Used to reinforce community membership and collective choice and in enabling ongoing feedback.

	Who Decides	Processes	When to Use
Customer Testing (Kickstarter, Quirky)	Customer or prospective customer	Voting, rating, review, prepurchase (often referred to as <i>crowdfunding</i>), multivariate testing.	Often used with <i>integration</i> or <i>collaborative</i> pattern when ideas can be easily shared with end customers. Used when a <i>shortlist</i> of ideas can be generated. Helpful way to engage broadest group of stakeholders if communication is a key objective.
Hybrid or Multistage (Victorinox, Quirky)	Combination of stakeholders	Multiple: Testing generates shortlist, qualified experts generate shortlist, experts and customers respond to shortlist.	Combines benefits of different approaches: Ensures access to expertise and diversity of opinion; supports efficiency and buy-in from specific stakeholders; provides final decision makers with multiple perspectives without having to review all ideas and revealing any conflicts or points of agreement across stakeholders.

CHAPTER 10

Choose the Right Online Space

*Any sufficiently advanced technology is
indistinguishable from magic.*

—Arthur C. Clarke

A rocking chair that charges smartphones. A new kind of cardboard packaging that includes instructions on how to turn it into something else when you're done with the packaging. An innovative mapping service that lets cyclists in Berlin pick the best bike routes. These are some of the ideas that are regularly sent out to Springwise subscribers.

Springwise collects promising entrepreneurial ideas from over 15,000 spotters, its community of innovators spread around the world. Each day, spotters send in their ideas via e-mail or online forms. Then a core team at Springwise's London headquarters compiles the ideas, which an editorial board assesses to determine which ones will make it into their e-mail newsletters.

Springwise uses its website and e-mail list of 155,000 subscribers to generate *awareness*—the first step in our Participant Decision Journey for engaging with potential participants. Each newsletter contains a call to action to join the network. But this organization has other ways to generate awareness—including their more than 50,000 Twitter followers. Additionally, Springwise.com generates a good amount of search traffic thanks to their publicly accessed content (about 15 percent of their traffic is based on publicly available data). And because Springwise.com provides a constant source of unique entrepreneurial ideas, it is often linked to other media sites—thereby spanning a range of interested communities from general news to entrepreneurship and design.

Once participants decide to join, they will discover the Springwise crowdstorming space that manages the later parts of the Participant Decision Journey. Because Springwise is focused on receiving ideas (consistent with the *search* pattern we described), the crowdstorming space is simple—an online form (and an optional e-mail) to submit ideas. As Springwise decides what ideas they will use, participants can see

which of their submissions have been accepted—and ultimately how many points they have accumulated to use toward redeeming prizes.

Springwise provides a good way to understand how different spaces are combined to achieve *recruiting* and *crowdstorming* objectives. Figure 10.1 shows some of the spaces used by Springwise.

Looking back on the cases throughout the book, we can see similar uses of spaces. Recruiting takes place across any number of online spaces, while crowdstorming spaces differ based on the pattern they need to support.

American Idol takes place on TV in our living rooms, but also via auditions in stadiums, through online voting and text messaging, and in front of a live studio audience. People discuss the show wherever they can connect, from coffee shops to Twitter.

Most of DARPA Network Challenge participants discovered the opportunity via CNN or social networks. They created proprietary software and used social media channels, mobile phones, and search engines; some even called local businesses to peer out of their windows to confirm balloon locations.

Giffgaff interacts with and recruits their community members through multiple channels—Twitter, Facebook, e-mail, and even in person at Meetups. However, most people who want to participate and be rewarded for participation will interact on giffgaff.com, via a platform created by Lithium.

Many of the recruiting spaces are now very familiar to us. In fact, you likely have personal experience with many of the spaces from social networks like LinkedIn, Facebook, or Twitter to more traditional media spaces like online news sites or blogs. Marketers teams continue to test and refine the best approaches to emerging channels while optimizing what works via traditional media channels.

However, much less is known about crowdstorming spaces. Springwise has created their own tools to measure and reward participants. *American Idol* pioneered voting via SMS to make their process work, and DARPA created a process to collect and verify balloon locations. Giffgaff relies on a relatively new enterprise platform to enable there comprehensive monitoring of community contributions.

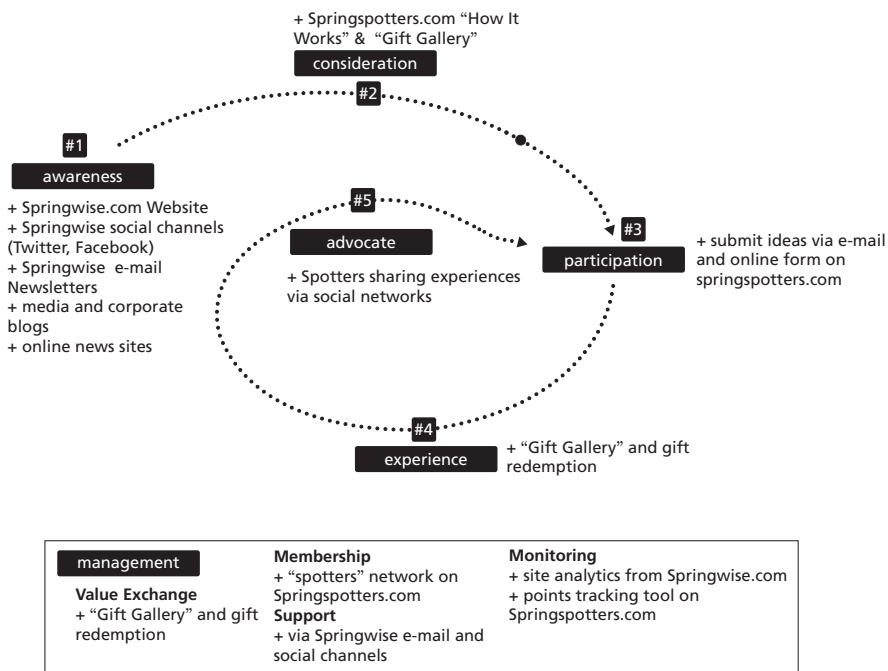


Figure 10.1 The Participant Journey—Springwise recruiting and crowdstorm spaces

It is unlikely that many of us will encounter all of these spaces, so we will allocate more space to their discussion.

But let's first take a look at recruiting spaces.

SPACES FOR RECRUITING

The DARPA Network Challenge research results support what leading advertisers will likely confirm: traditional media channels are far from dead. So finding ways to get your story told in these spaces is essential. But searches and social media are critical too, particularly as people move through the *consideration* phase of the Participant Decision Journey. As we discussed, the winning team in the DARPA Network Challenge was covered on *CNN Headline News*, with the runner-up receiving coverage on National Public Radio. It also helped that the winners' brands—MIT and Georgia Tech—differentiated them from others who were not really connected in any way to existing brands. Importantly, however, a number of teams that placed in the top 10 drew on *existing communities*. These communities were not formed for the purpose of crowdstorming, but they proved very helpful as a way to drive *awareness*, *consideration*, and ultimately *participation*. For instance, George Hotz (who untethered the iPhone) engaged his then more than fifty thousand followers on Twitter to place third. And a community of geocachers engaged their community of several hundred thousand members (geocaching is an activity in which the participants use a Global Positioning System—GPS—to play hide and seek).

Beyond digital and traditional media channels, we can also look to packaging and retail environments for recruiting. Not many of us are likely to know who designed the products and services we use. But, as we noted earlier, both Quirky and LEGO Cuusoo use their product packaging to highlight their designers. And when Threadless teamed up with GAP, they were able to make use of in-store signage to generate awareness.

The right kinds of questions, incentives, and coalitions pave the way to find people in spaces that already share your interests and passion. The background material for the brief offers interesting conversation starters and content opportunities for publishers. In fact, one of the most effective awareness strategies used for the Betacup Challenge was done using a series of articles on Core77.com exploring the challenge of designing

coffee cups for recycling or reuse. Not only did this content generate awareness; we observe many new participants who signed up to the Betacup after reading content on Core77.

SPACE FOR CONSIDERATION

Our ability to understand how people moved from awareness to participation on Core77 is not unique. Many touch points provide increasingly detailed analytics that enable you to understand how people respond to your content and messages—Facebook, Twitter, LinkedIn, and YouTube all provide details similar to what was once only available on your own website. Additionally, coalition partners can share detailed understanding of how people are responding to content, from on-site analytics to off-site monitoring. Beyond these methods, social media monitoring tools like Salesforce Radian6 provide ways to track responses to content—from tweets to blog posts. No matter the channel, you should expect a response in the form of some conversation; and, analyzing, understanding and joining this conversation is nearly impossible without monitoring tools.

As prospective participants move from *awareness* to *consideration*, we need to anticipate what is important to them. We can view those who are going to be submitting proposals in the way we might think of job candidates: these people will want to know what it might be like to work with this organization. They wonder: Does the organization sponsoring the crowdstorm deliver on promises? Can I find examples of people who have worked with this organization and who have gone on to receive compensation—from financial rewards to attention?

It is no surprise that you will find success stories featured prominently on sites like P&G's "Connect and Develop," or LEGO Cuusoo, or Threadless. It is critical to ensure that success stories can be found—whether on your own site or via others. These stories might take the form of featuring community members whose creations have gone on to some acclaim, or a new product that has recently been launched via the site. A site that supports good stories effectively connects with participants and promises that possible outcomes are achievable. It goes beyond "we want you" to "this could be *you*."

Your approach to using recruiting spaces requires you to be aware that people are going to be searching for additional information about

your crowdstorming project. Recruiting spaces need to make background information about the brief, the role of a particular coalition partner, or clarity on the process and terms easily accessible. For example, they should clarify how much information people need to share or whether or not a prototype is required for evaluation.

It becomes easier for prospective participants to understand what is happening as organizations move from *search* to *collaboration* and *integration* patterns. Online forums and support sites are where participants reveal what is and is not working and are important tools to use for communicating with participants. Participants discuss openly what they feel is unfair or even better in other communities. They will cite the reasons they enjoy working with a particular community—everything from the tone of interaction to compensation.

Customers and employees from many organizations need to actively advocate and find online spaces to share their experiences. But the space is already there for many communities engaged in crowdstorming; it is the support and discussion forums. Why do organizations allow this? As many will tell you, these conversations are going to happen anyway. So they would rather that they take place in an environment that they can monitor and where they can engage with participants.

OPTIMIZING TO SEAL THE DEAL

Almost all the cases we have discussed so far have one thing in common. They have created an online space and a set of tools where people can learn more about how, why, and where they might participate in a given challenge. Up until now, the participant journey has taken place in other people's spaces using existing technology. But now we are in a position to create our own spaces and we are free to optimize this space around our specific needs.

Usually prospective participants can see some or all of the brief and review the details of the terms and conditions associated with the available incentives. The Threadless site has a lighthearted tone, while P&G's is more serious. LifeEdited and Betacup were built on social good and sustainability themes, while XPrize invoked science fiction to challenge prospective participants. But something that is not as immediately apparent about these sites is that they were optimized to

ensure that people who were interested in participating took the important first step of deciding to do so.

This should not be a surprise. Our online experiences have been constantly optimized. Take online shopping for example. After more than a decade, Amazon.com continues adjusting product pages, search results, checkout flow, and carefully tests each element of each page to impact our purchasing behavior. The same is true of the ads we see from search engines to social media—our responses are constantly evaluated to determine what content is best to elicit the desired response—clicking, purchasing, or, in our case, choosing to participate. From barely perceptible changes in product headlines to the use of different images or video, the site uses each interaction we have with it to learn a little more about what will cause us to purchase more.

To get a feel for the range of possibilities in optimizing online experiences, you can visit www.abtests.com—a site that collects a seemingly endless stream of before and after results of optimized web pages. These sites are trying to encourage a range of behaviors—from signing up, to test driving a new car, to encouraging registration for online games. The tests yield improvements that can sometimes *double* conversion rates.

Once we have convinced people to join our crowdstorm, its time to turn our attention to the space that will enable us to work together.

BUILD OR JOIN A CROWDSTORM SPACE

Many of our examples have spaces that you can join, where everything is already up and running—the infrastructure, people, and community management processes. Organizations like the City of Boston, GAP, Starbucks, and Victorinox have engaged outside talent by working with an existing online space and their communities using InnoCentive, Threadless, and jovoto.

Other organizations like LEGO, GE, CEMEX, and Giffgaff have determined that they want to take on the role of organizing communities. And so they need their own infrastructure and tools to enable the patterns we have discussed, in particular for *collaboration* and *integration*. The infrastructure players we referenced are in the business of building

software tools. Lithium is focused on a wide range of social business interactions that impact almost all conceivable touch points across the inside-outside boundary we cited. The Cuusoo Social Creation Platform and Brightidea are specifically focused on how groups of people work together to create.

Finally, there is proprietary crowdstorming infrastructure—the platforms that organizations like Springwise, Goldcorp, and *American Idol* are developing and using. While these particular examples may not offer ways to work together, we can still learn from what they have done.

Table 10.1 provides an overview of the landscape of crowdstorming spaces we have discussed in our examples.

Whether you plan to partner with a crowdstorm platform or a crowdstorm community provider or if you decide to build your own infrastructure, the remainder of the chapter will help you review and evaluate elements of spaces that enable the various crowdstorming patterns we have discussed.

SUPPORTING THE SEARCH PATTERN

As we have discussed, the main focus of the *search* pattern is recruiting. Since we introduced recruiting spaces and tools above, let's focus on what technology is needed once people decide to participate.

As we look back at the case studies that have used *search* patterns, it is clear that online spaces need to primarily enable the ability for participants to submit a proposal or idea and learn the results of the challenge. Sequoia Capital, for instance, asks people to connect with them via e-mail or LinkedIn. P&G participants need to complete an online form. Tricorder XPrize has a voluntary “intent to compete” option that enables entrants to signal their interest, but also to receive ongoing communications from XPrize. The first round of qualification requires the submission of proof that the team has created designs that will be able to compete in a final prototype evaluation; to this end, teams can submit data and media to make their case.

Table 10.1 Online Work Environments (Exemplary Only Based on Cases Discussed)

Crowdstorm Online Space Characteristics	Search Pattern	Collaboration Pattern	Integrated Pattern
What the Space Needs to Support	Monitor Support	Monitor Support Advocacy Sanctions Collective Choice Value Exchange Membership	Monitor Support Advocacy Sanctions Collective Choice Value Exchange Membership Nesting
Communities to Join	InnoCentive (Street Bump) Victors and Spoils XPrize	jovoto (LifeEdited, Betacup, Victorinox) OpenIDEO	Quirky Local Motors Threadless
Infrastructure for Hire		Cuusoo Social Creation Platform (LEGO) Brightidea (GE Ecomagination) IBM Lotus Connections (CEMEX Shift)* Microsoft Yammer (Deloitte)*	Lithium (Giffgaff)
Proprietary Infrastructure	P&G Connect and Develop DARPA Goldcorp Springwise	American Idol	

Note: * indicates for internal organizational use only.

Since *search* patterns focus on receiving proposals or testing prototypes, the primary objective of these spaces is to enable participants to send content. The content might take any form and usually includes some indication that participants have agreed to certain terms and conditions—like contest rules or non-disclosure agreements. The evaluation processes drive the exact form of the submission. In other words, it asks: What do experts judges need to see in order to best evaluate submissions, and how are they going to receive this content?

While we have seen that it is simple to accept large numbers of ideas, it is often more complex to evaluate them. Recall that Netflix and the city of Boston needed a way to test software to understand the resulting performance against benchmark data, whereas DARPA required the most qualified participants to show up in a desert. It is hard to anticipate all the ways in which testing might occur. However, frameworks for testing need to be designed and built ahead of the contest, so that the challenge organizer can include specific relevant terms in the submission guidelines.

The main consideration for expert evaluation is how to receive and organize ideas. In some formats, submissions are distributed to individuals who then meet to discuss and deliberate in much the same way a jury does in a legal trial. But before that can happen, submissions are usually reviewed to create a shortlist. It is simply not viable for juries to meet and review hundreds or thousands of proposals. The groups responsible for creating these shortlists receive criteria and are entrusted with providing the first level of filtering. In the *American Idol* example, these are the groups of judges who help with all of the in-person auditions for about ten thousand people in the United States. Goldcorp is on the opposite end of this scale; they received 50 submissions, which they reduced to 25 semi-finalists. But these submissions still contained *over 600 pages of detailed information*. And it ultimately took four months to decide on the prizewinners.

Participant support is the final consideration when evaluating the right space for the *search* pattern. Participants who are considering committing a significant portion of time to create and share a submission are going to have questions—and will certainly have even more questions once they begin working on proposals. The simplest way to manage

this is to enable questions via one or more channels from e-mail to phone. You should be monitoring social channels anyway as part of your recruiting toolset—so this is also a simple starting place to understand and respond to potential questions. You should expect questions wherever people think you might be listening, from Facebook pages to Twitter.

While understanding and responding to questions is important, you can do even more. Providing a simple forum enables participants to help one another. It also ensures that they can easily and quickly reference any questions you've already answered—thereby reducing the amount of work you have to do. For instance, during the Netflix Prize, people used forums for everything from understanding the contest rules and data to getting specific help on algorithms they were working on for solutions.

Great support environments make it easy for people to find and avoid re-asking a question that has already been answered. But it is equally important to quickly establish *who* needs help by highlighting recent questions or those that have not yet received responses. The best support environments result in quick, helpful replies. In the cases we have discussed, organizations used a wide range of tools, from enterprise-hosted solutions like Lithium or Get Satisfaction to smaller scale applications like Tender, and even open source applications like PunBB.

TOOLS TO ENABLE COLLABORATION PATTERNS

Moving from *search* to *collaboration* patterns marks an increase in complexity because we expect a dramatic increase in participants—an order of magnitude increase. As such, we need online spaces that will let participants easily contribute feedback. And we need to expand our support capabilities. We also want to make it easy for people to discover ways to participate—for example, by providing notifications when there are new ideas to view. And participants need to know as soon as possible when someone responds to their feedback or comments, or when their idea is doing well in a challenge.

The spaces enabling the *collaboration* pattern are also very different from *search* spaces where only ideas are submitted. Since *collaboration* participants will receive ongoing feedback, they now need a way to organize it.

The core of good *collaboration* environments, therefore, has some similarities to social feeds like Yammer or Salesforce Chatter in the enterprise environment, or Facebook and Twitter for our personal communication. Ideally, the feed will include actions that are of particular interest to us, such as when there is a new opportunity to participate—for example when a new brief has been created or when someone has posted a new idea and is looking for feedback or a vote.

While the social feed is useful, participants will also want some way to control what they—and others—notice. They will need a private layer in order to interact with people in a way that nobody can see—like e-mail. And they will also want to be selective about the individuals with whom they share their actions. So it is no wonder that many of the *collaboration* spaces look a lot like our social networks. Platforms like jovoto, Quirky, Giffgaff, LEGO Cuusoo, and CEMEX Shift all have some variation of an activity feed to keep their participants informed about what is going on around them. And because we have so many personal and business feeds, there is often an additional level of messaging that allows us to determine what part of our feeds will show up in our e-mail. Sometimes these come in the form of a weekly summary; other times, every action can find its way into our inbox.

The feed is fleeting. So participants also need some way to keep track of what they have been doing as a means to establish their reputation. In some cases, it might simply be for bragging rights. In others, it might be so that we can identify the people who are making the most important contributions to the community. And sometimes this is going to also be used to determine compensation. As we will see below, keeping track of what people have contributed is the cornerstone of every *collaboration* platform.

SPACES FOR MONITORING

In its simplest form, monitoring can give us a basic idea of how people are contributing. We can count basic actions, like how many times people have submitted an idea or how many times they have commented. While these actions don't tell us anything about *quality*, per se, they do provide a useful starting point to separate those who are very active from those who are not.

However, if we want to use monitoring to do more—to determine compensation, for example—we need to do much better than approximate measures. And we must also be prepared for the inevitable attempts to manipulate the measurement system. If our participants don't see the system as robust, then the best, most honest contributors will quickly stop showing up. Because so much value comes from smaller contributions in the *collaboration* pattern, monitoring is a core enabler of value exchange. So, our monitoring approaches must allow us to assess and reward high quality—and punish poor quality or actions.

At a minimum, a monitoring system must have ways for community managers to compare individual behaviors against norms. For example, how does a participant's voting behavior compare to others? Do they tend to disagree with consensus opinions? Do the votes tend to favor certain people and not others? Can we establish any relationships between these people and those that they favor? It's somewhat of an arms race—like catching people cheating on taxes or school tests. One side finds an approach that the other hasn't detected until the other works around it. So while it's desirable to have a current process in place, it is just as important to have a roadmap to show how the monitoring process has evolved—and what we anticipate happening next.

The other part of monitoring has less to do with individual contributions and more to do with issues that might be endangering the community environment—anything from inappropriate content to potential intellectual property infringements. As with voting and ratings, online spaces need a way to signal when a problem is identified. There also must be a way to prioritize. For example, if someone new to the community identifies an issue (which nobody else has), it is very different from ten established members who have pointed out a problem. This again goes back to the importance of measuring contributions, and how it enables us to use reputations to sort through the issues that require the most urgent attention.

Think about your e-mail inbox—all the messages that require your attention. Many messages are from people but many others are triggered by actions such as purchases, or social media activity. Now imagine a community manager trying to respond to messages generated by

community members and their actions—trying to decide, among an increasing number of inbound signals, what requires immediate attention. Community managers need some way to prioritize.

Finally, there is the link between picking ideas and understanding feedback. We know that a peer filter that is working well can do a lot to reduce the number of submissions that expert judges must review. A reasonable goal seems to be eliminating 80 to 90 percent of the submissions from consideration—thereby cutting the work of experts by a factor of 5 to 10. Because evaluation criteria can have multiple dimensions, there should be the means to enable ratings according to these dimensions. Voting systems should then enable the means to interpret results. For example, if an individual is found to display unacceptable behavior, their votes should not be counted.

There should also be a way to select *who* will be allowed to vote. We have seen in multiple cases that it is often desirable to see opinions of both peers and specific stakeholders—like current and prospective customers or specific experts. Choosing from whom we want to receive feedback leads us to the more general question of enabling people to participate in specific workflows in the crowdstorm process.

PERMISSIONS TO PARTICIPATE

We want to be able to control who gets access to more detailed information. We may also want to limit who can submit ideas. Perhaps we have a group of customers with a specific user experience—for example, professional downhill skateboarders or doctors who use a particular medical device. We might also want to limit participation to employees only for confidentiality reasons. Or, we might want to reward our community's most active members with unique projects—say the top 5 percent of participants based on their overall contributions (revealed by our monitoring system).

Whatever the reason for doing so, we need a way to designate who can participate to enable us to move from public crowdstorm processes (everyone can do everything) to very selective participation (for example, only C-level executives can vote). As we get to the level of

managing access for individuals and groups, we begin to approach the complexity of core enterprise software. And this is particularly true of the spaces used in the *integration* pattern.

SPACES AT THE CORE OF THE ENTERPRISE

The primary difference between the *collaboration* and *integration* patterns has to do with the extent of interactions between insiders and outsiders. It is not simply that they interact more frequently; they interact across more *processes*. For example, where Victorinox or the GAP might work with a community on only a few projects over a year, Giffgaff and Quirky are constantly collaborating with their communities across multiple projects. And these projects span processes at the fuzzy front-end of the product development and communications lifecycle all the way to sales and support.

In our discussions on community management we introduced the idea of nesting. We can break down crowdstorming into specific projects or steps in a design process—which has implications for all of the stakeholders. It also introduces more complexity for participants by giving them more places to participate. For instance—there might be two calls for new idea submissions while two other products have reached a point where prototype feedback is needed at the same time.

Nesting creates new challenges for community managers. Will community managers specialize by project or by particular type of contribution? This means that the online space needs to keep track of more information and share more feedback between community managers. Taking a simple example: if a participant is misbehaving in one project, how do you signal to other community managers that this person has been sanctioned (or why they were sanctioned)? Similarly, as community managers specialize in the area of support, they will need to be able to direct support requests to specialists—as interactions between participants and the organization become more complex, it becomes harder to direct support requests to the right people.

This probably sounds familiar, since it is similar to issues that customer relationship management systems encounter as they scale to address interactions with large groups of customers. In fact, we should not be surprised to find some of the platforms that were used in this

book's case studies—such as Lithium—in the emerging area of social customer relationship management. However, there are many others we haven't discussed—Yammer, Get Satisfaction, Salesforce Radian6, to name a few—that are worth looking into.

As the *integration* pattern evolves, we expect to see more internal systems add the ability to measure outside contributors' performance. At the same time, we also expect scoring and measurement from outside systems to be tied into internal employee evaluations. As the *integration* pattern implies, it is often hard to tell who is inside versus who is outside the organization. We might therefore expect the platforms designed for inside to reach out more—and those that are designed for outside to play a greater role for those inside.

SPOILED FOR CHOICE

There are many online spaces to choose from. We anticipate this space will grow as broader enterprise systems evolve.

For *search* patterns, the good news is that you can learn from what your marketing and communications teams are doing. Since much of the process is focused on recruiting, the considerations for a crowdstorming space are simple—with one exception—the evaluation process should enable a team to review and create a shortlist of the best ideas. The most complex aspect of the *collaboration* pattern—whether you use a technology platform or partner with an existing online community—is ensuring that you have mechanisms to understand contribution. If you are considering spaces for *integration* patterns, crowdstorming is going to be at the core of your business, so it is worth considering the limits of social enterprise tools like Lithium or Yammer against the benefits of more focused crowdstorming tools like Brightidea or Cuusoo. Just like the *collaboration* pattern, assessing and understanding contributions, in detail across a large group of participants, remains one of the big challenges along with systems to support idea selection.

CHAPTER 11

Meta

*We do not see things as they are; we see things as
we are.*

—The Talmud

Even the most complex crowdstorming cases we have discussed began as simple ideas. Giffgaff saw the opportunity to give more power to customers.¹ Then they focused on how they would enable customers to run core parts of the business. LEGO wasn't sure whether a handful of fans might be interested in helping to resurrect Mindstorms. The Quirky team experienced the power of lots of rapid feedback. They handed out 3,000 notepads at a 2009 conference and asked people to design iPod accessories. When the resulting product was a hit, Quirky was born to scale the process.² In fact, no matter the domain or size of the business, all of our cases began with a simple question—"What if?"

While the *search* pattern goes back more than 100 years, the more complex crowdstorm patterns have only been a few years in the making. We've done our best to capture what is working today, but as you are reading this, we know that people are making improvements. They are asking "what if?" and revisiting everything from incentives to community management policies, from new coalitions to new metrics for monitoring. Testing, then, may be the most important part of the process, once you get started.

Fortunately, the same people who help to solve problems from business strategy to packaging design are just as willing to help you sort through the best ways to organize the crowdstorm process. Your crowdstorm participants are very likely the best source of great insights about what might work across all aspects of the crowdstorm process—from collective choice to sanctions. As political economist Elinor Ostrom pointed out in our discussion in Chapter 7, people have been figuring out how to build their own institutions to manage shared resources for a long time.

As we have tried to emphasize, we have not cracked the code on all the ways to successfully organize crowdstorming projects. In fact, we have a few hypotheses of our own that we think are worth testing. For example, it's apparent that sustainability is an increasingly important issue for many organizations. Why don't more organizations use crowdstorming to work with stakeholders to solve problems that can benefit all of us—at a minimum, trying to solve these types of issues can positively impact the brand and, if solutions are found, the business will benefit too. And it is usually easy to get started because it is one area where confidentiality and intellectual property seem far less of a concern.

And, rather than focus on cash prizes, why not share more of the risks and rewards by offering more downstream incentives—from investment to revenue shares—in order to increase participation? It is possible to not just track sales, but we can also track things that lead to sales. Brands today focus very intensively on having people engage with their products and services, so why not expand the opportunity by also having people interact with *possible* products and services in order to give you more feedback about things you *might* do?

These are just a few obvious examples, each of which will lead an organization to either uncover a different approach to crowdstorming—or tweak an existing approach. The Crowdstorming Lifecycle ends and begins with “Meta.” (See Figure 11.1.) We know we can easily go through each chapter in the book and ask, “What if?” We hope you will too.

There are a few ways to learn from your process and your participants in order to prepare for ongoing opportunities. Following are a few approaches that appear to be yielding success.

REVISIT RESULTS

P&G has put over 1,000 partnerships in place. Jovoto has run over 200 contests. Quirky has developed over 200 products. LEGO has more than a decade of experience with different crowdstorming processes. Each of these experiences provides a baseline set of metrics—some of which are very simple. Local Motors' Alex Fiechter pointed out that he

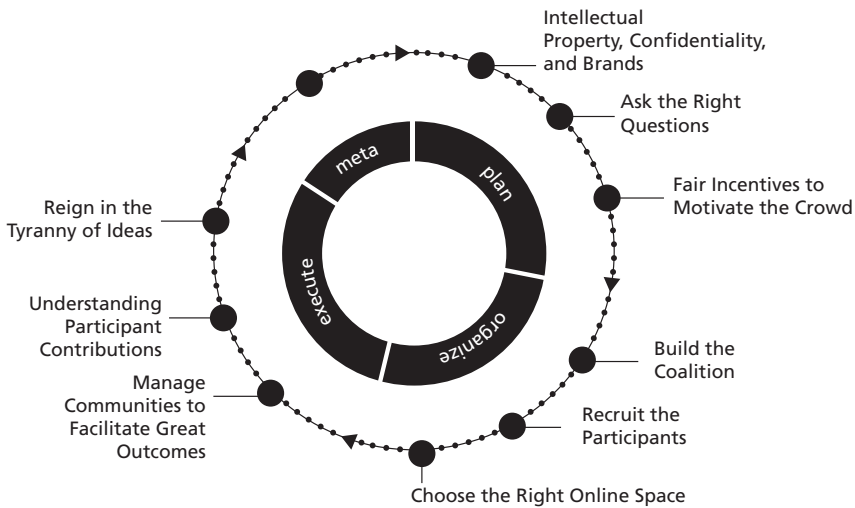


Figure 11.1 The Crowdstorming Lifecycle—Meta

has multiple ways to track overall community health, but one of his most useful is related to feedback—more time spent on the site by participants is a good indicator that feedback is improving. Why? It is very difficult to understand complex engineering problems without spending some time to understand what has been presented. It is even harder to provide useful feedback without taking more time.

Time. It is the biggest challenge to understanding the relationship between your changes and the resulting impacts on a process. When Sequoia makes a seed investment, they often have to wait at least five years to understand the results of their initial evaluation of a seed stage business. Local Motors needs 18 months to bring a new car to market. This is very fast by automotive standards, but it is a long time for a team to wait to see how their process changes affect outcomes. This is one of the benefits of working with partners for Local Motors. They not only have more interesting projects for the community to work on, but they can see more outcomes more quickly in order to understand what is working. In fact, not all outcomes need to have such long development times. Giffgaff is constantly implementing small service improvements—and has implemented one out of every eight ideas (from 7,000

proposals) since its 2009 founding³—so they are more quickly able to understand the relationship between their crowdstorm process changes and the business impact.

Metrics and end results are useful places to begin looking for new opportunities. But conversations have a way of yielding great opportunities, too.

MAKE ROOM FOR DEBATE

All of the crowdstorming patterns provide at least one forum for discussion and debate—the support area. As support questions arise, it is a safe bet that people who get the opportunity to respond will also propose new solutions. Visit any of the support forums from the crowdstorm spaces discussed in this book and you will find proposals for some of the most complex issues we have discussed—from critiques of briefings and evaluation criteria, to better ways to manage voting and ratings. Other debates relate to more subtle issues—for example, how to improve the tone of feedback and whether or not particular sanctions are suitable for given type of negative behavior.

Jovoto's approach to ratings has been debated for some time, as many community members want to express more subtle feedback in their scoring. For example, they would like to highlight the fact that something might be a very strong idea but that it is poorly presented. As you might imagine, well-presented ideas can crowd out less impressive peers when it comes to garnering attention. In the case of jovoto, debates about ratings have ebbed and flowed in the support area. In summer 2012, members of the community were invited to an in-person meeting with the team to finalize updates to the approach.

The most important thing that these platforms can do is to provide the opportunity for discussion, to chronicle the issues, inspiration and ideas. There may not always be a clear path to action. However, in the same way as comments can result in debates and add value to ideas in the *collaboration* and *integration* patterns, they can be valuable in improving the overall crowdstorm process.

PROPOSE AND LISTEN

At some point insights or debates move to tangible solutions. And it is often useful at this point to share your plans with the community. You don't have to put *everything* to a vote; however, as we emphasized in our community management discussions, *collective choice* is one of the pillars of any successful community. Beyond getting buy-ins and respecting community members, there is also the opportunity to understand issues or concerns—or even learn something new. It is possible to skip feedback, but the probability of needing to apologize becomes very high. Assume that your community is going to behave like your co-workers except for the fact that most of them will not be able to react in person—their online expressions are likely to be much less forgiving.

EAT YOUR OWN DOG FOOD

Propose ideas? Discuss and evaluate them? Makes you wonder why organizations don't just use the crowdstorming process to improve themselves. In fact, this is exactly what OpenIDEO did—"they ate their own dog food" by using OpenIDEO to improve OpenIDEO.

OpenIDEO is known around the globe for their design work, and they have literally written the book on the design process. In 2010, then-CEO Tim Brown had this to say about the role of crowds in design: "the idea of crowdsourcing innovation is, in my view, still a big experiment. Conventionally, the question has been whether the crowd can outperform the internal team. Our view is that small teams are good for some things and the broader community is good for others. The goal of OpenIDEO is to find out whether it is possible to orchestrate a collaboration between the two to achieve better results."⁴

After the community's first year came to a close at the end of 2011, OpenIDEO members were asked to share their ideas and feedback about how they might improve the forum—more specifically, how might they use OpenIDEO to increase social impact.⁵ The resulting discussion is very revealing. It addresses many of this book's themes, including a strong desire for people to see concepts get beyond the online discussions and make real-world impact. One proposal called for an additional measure to give points to the people who

actually make these ideas happen. In contrast, another person suggested that some of the contributions—like reading and voting—should be done on the go. The OpenIDEO platform would need to accommodate this type of access, most likely with a smartphone app or adjusted layout for the small screen. Again, we know from our discussion on contributions that a simple rule applies here: making it easier makes it more likely to happen.

Perhaps we can see the most visible change in the way the OpenIDEO process works. Prior to the end of 2011, if you were working on OpenIDEO you would be aware of its discrete set of processes. OpenIDEO organized their crowdstorms in steps,⁶ beginning with the inspiration phase. The objective was to share relevant ideas and research related to the brief. People commented and voted on the most inspiring content to instigate the next stage—something called *concepting*. It was during this stage that people submitted their ideas and weighed in on those that others submitted. It was not presented in a contest format, so collaboration was encouraged. Finally, ideas were judged in the evaluation stage.

This probably sounds familiar. But, based on OpenIDEO's testing and refining and asking for feedback, they realized it wasn't optimal. The design process now includes the new and important additional phase of realization. In this step, participants discuss how they have taken the ideas forward. Unlike LEGO or P&G or most of the organizations we have discussed, OpenIDEO is not involved in idea production. This is simply not their mandate. However, because their community emphasized this element's importance, they are finding creative ways to take ideas further and they have adjusted their process to incorporate this.

The addition of the realization step underscores a final, important point.

BEYOND HALF-BAKED IDEAS

The Halfbakery.com is one of the oldest places to share ideas online. The most important thing is to share and discuss ideas—not realize these ideas for society or for profit. The site exists solely to play with

the concepts that people present. The results are often amusing because of their sheer daftness or deft copywriting (almost every year someone artfully proposes the wheel, heavily cloaked in masterful copywriting). In fact, you are likely surrendering some of your valuable time simply by visiting the site. You have been warned.

Though the Halfbakery.com is amusing, it is also an important reminder—one that helps us address this question: Why are we investing the time and effort in crowdstorming? We want to *realize ideas*. We want to make our way from a crazy notion to the Local Motors Rally Fighter. We want to make sure the LEGO Cuusoo Minecraft set is on the shelves. We want the better Giffgaff pricing plan (with or without tethering) and we want to use P&G's Swiffer Duster. We want the science fiction Tricorder to transform healthcare alongside robot cars that drive us around, and we want much more resilient and sustainable energy system. Crowdstorming has played a critical role in all of these things bringing together the people and resources to bring the ideas to life.

Crowdstorming is just a first step in a much longer process. Long after many participants have forgotten about their idea or their comments, a team continues to figure out how to make ideas come to life. And it is important to celebrate when ideas make it all the way from possibility to reality—because it underscores that your organization can deliver on promises. It reminds people what can happen when they participate. It is not just ideas for the platform or the process or the community, but also the ideas that come out of the process. Where Halfbakery.com is a reminder that ideas are unfinished things to be played with, OpenIDEO's realization step reminds us that this is the ultimate goal toward which we are working. As are the pages that document well-known companies on Sequoia's website—they were once just ideas submitted via e-mail.

THE END IS JUST THE BEGINNING

We've done our best to describe and share our observations about how you can put crowdstorming to work right now. The most powerful part

of the process is that the people who are participating in the process can also help to make it better. It is fitting that a process built on the idea that the best ideas can come from anywhere also improves itself from ideas that come from anywhere. The most important part of your crowdstorming process is that you can turn it on itself to make it better.

Want more crowdstorming? Join us at www.thecrowdstorm.com to learn what readers are doing. Or better yet, share some of your own ideas and feedback.

ACKNOWLEDGMENTS

The ideas in this book have been in the making for years. And the very best ones have been inspired, debated, and discussed with many people who are not directly referenced in the text.

First, we'd like to thank our publisher, John Wiley & Sons, Inc., who saw the potential of the idea and was willing to take a chance on three first time authors.

At Mutopo: Marina Miranda and Justin Levinson have helped not just to reflect on ideas, but also to test and understand their efficacy. At jovoto: Peter Gerber, Nathalie Sonne, and Conradin Mach-Sonnenberg, whose work with clients provided recommendations regarding writing inspiring briefs, and incenting and managing talent. And of course, our teams have supported us as we took the time to write and edit and re-edit.

Leland Nolan has helped to tirelessly review different legal terms offered across crowdstorming patterns and package them into recurring issues and themes. Saneel Radia helped to flesh out ideas and patterns in the fast shifting world of emerging marketing channels and shifting behaviors. Crowdstorming touches on a number of disciplines and each time we thought we'd found great referenced points, we could rely on Nick Gogerty to identify ideas and frameworks we had overlooked. He has always offered sound critique of any idea presented to him. Kristen Taylor, excellent ITP curriculum at NYU, forced much deeper thinking about how communities work and caused us to revisit some of the simplistic, content-focused ideas that seemed to be in vogue.

Finally, to our families: To Andrea, Max, and Oli who have tolerated Shaun's constant obsession with this idea since he first struggled with his Berlin School of Creative Leadership thesis in 2009. To Linda and Sophia, who were flexible and supportive as Pete worked to translate his experiences at jovoto into the insights presented in this book. To Vera and Henri, who inspire Bastian every single day to build a values driven, sustainable business.

NOTES

INTRODUCTION

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CHAPTER 1 FIRST, SOME CONTEXT

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Hiring A Diverse and Creative Workforce: This practice helps focus companies on building internal teams whose differences will spur thinking outside the box and help them reach a wider customer base.

Building an Innovative Culture: The practice of building, managing, and creating incentives for an organization that values innovation. There are many variations on this, but all discuss aspects that make for an innovative culture (for example, questioning—asking probing questions that impose or remove constraints; networking—interacting with people from different backgrounds who provide access to new ways of thinking; observing—watching the world around them for surprising stimuli; experimenting—consciously complicating their lives by trying new things or going to new places). See Scott Anthony, “How Do You Create a Culture of Innovation,” May 16, 2012, www.fastcodesign.com/1669657/how-do-you-create-a-culture-of-innovation.

Walking in Your Customer’s Shoes: The practice focuses on an organization’s innovation, based on developing strategies to identify what customers want, and delivering on those priorities.

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CHAPTER 2 INTELLECTUAL PROPERTY, CONFIDENTIALITY, AND BRANDS

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