

# How Can You Communicate the Corporate Benefits of Enterprise 2.0 Network Effects?

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Dennis D. McDonald in Blogging, Web 2.0, Collaboration, Project Management, Social Networking, Knowledge Management, Expertise Management, Network Effects, Enterprise 2.0

By **Dennis D. McDonald**

## Rod's question about network effects

**Rod Boothby** (or someone using Rod's name) recently stopped by and left the following comment attached to my recent **How to Accelerate Enterprise Adoption of Web 2.0 Network Effects** post:

*Great Post. Thank you.*

*I have a quick question about network affects.*

*The challenge I have been running into is convincing CTOs, CIOs and CKOs that there are network effects. These people have invested heavily in pre-Web 2.0 "knowledge management" solutions. They view blogs and wikis as a threat to the possible success of their existing investments. They fail to realize that adding a wider range of productivity tools to the Intranet will add value to existing tools, rather than take away from them.*

*Do you have any suggestions on how to communicate this.*

Great question, Rod. My earlier post addressed how, not why. I'm not sure I can answer your question, but I'll try.

## The short answer

A short answer to your question is that in such cases an appeal to corporate competitiveness might make the most sense.

Enterprise Web 2.0 (or to use the emerging **enterprise 2.0** tag) evangelists such as **Andrew McAfee** and **Dion Hinchcliffe** are always on the lookout for corporate success stories to publicize. I'd pay close attention to what they have to say. Often in public presentations they are challenged by corporate audiences to "prove that this stuff works." They always like to point to public examples -- when they can -- in order to rise above the hype. Being able to point out that a comparable or competitive company "is doing X already - why aren't we?" can be a powerful motivator.

The problem with an appeal to competition or comparables is that you may not find an example that reflects your particular situation.

## You need to understand costs

Based on what I've seen in my own consulting, I would first want to understand what the concept of "investment" means in your situation. Specifically, are you looking from an infrastructure standpoint at an issue of sunk cost versus ongoing cost, or has the existing knowledge management system been capitalized in a way that large costs are still being carried on the books that will not go away even if the system is replaced?

These kinds of financial issues can deep-six any system augmentation or replacement effort no matter what kind of benefits it promises. So, network effects or not, you will need to understand the cost implications, including the people costs.

### **Can the old system be augmented?**

Let's assume that the issues really concern "the new system" versus "the old system" and whether or not "network effects" are real.

As a cost-conscious consultant I would first want to know whether the existing knowledge management system can be augmented with newer collaboration, social networking, and relationship management features in order to extend the investments in infrastructure that have already been made.

I am not suggesting the cosmetic addition of Web 2.0 features to an incompatible framework. If a vendor says "we now offer tagging" on top of an obsolete or outmoded document model that cannot really support it, putting a new interface on the old system might not work.

But if the existing 'knowledge management system' can be augmented with new features that truly facilitate sharing, collaboration, and relationship development -- the processes that contribute to network effects -- that would be a useful approach since you may not have to argue for an "either/or" system approach.

### **Comparing apples and oranges; or, documents are not knowledge**

You may, however, be comparing apples with oranges. For example, is the existing system primarily a document management system that still requires a significant level of (costly) human processing in order to effectively make documents retrievable?

If the document management system was chiefly justified by the "avoid unnecessary cost by preventing the re-invention of the wheel" argument, that justification might indicate an incomplete understanding of how employees interact with document-sourced knowledge. After all, what is found in a document (or an email or an audio or video file) is just as likely to stimulate new thinking -- and additional work -- as it is to prevent unnecessary work from occurring.

Furthermore, what is one of the most likely actions to occur as the result of someone retrieving a relevant document from a knowledge management system? They try to contact the people mentioned by the document. They do this in order to get answers to the following types of questions:

- Who worked on this project with you?
- What did you REALLY find?
- Why did you say this?
- Where's the original data?
- Has this been updated?
- Has this had any impact?

In other words, what you often find about knowledge management systems built around content storage and retrieval (besides the fact that they can be a challenge to maintain) is that their impacts may also be felt to a great extent in terms of how they contribute to communication and collaboration in relation to the content of the media they control.

### **Relationship Enabled Network Effects (RENF)**

We are now entering the realm of *relationship enabled network effects (RENF)*.

If the full value of a content oriented knowledge retrieval system also includes benefits from the person-to-person connections it enables (or stimulates), wouldn't it also make sense to spend more time and effort on consistently managing the relationships among the people who work with the knowledge?

Given (a) the potential incompleteness and inconsistency of some corporate documentation, and (b) the fact that a document (or other content-containing file) is an object from the past, while the need of the user exists in the present or the future, shouldn't you focus also on managing the *relationships* that actually relate to how people get their work done today?

Employees understand this. This is why they often want to talk with a document's creators rather than read the document. What the current employee needs to know may not even be contained in the document at all but might be related to what the document's author experienced but never recorded in the document (or in the database entry describing the document). ("Joe, remember that trip to Tulsa you took last October? I found your trip report, but I was wondering if you met with anyone at that company out there that's developing new-technology Green Widgets? I'm trying to find someone who can tell me the difference between left hand and right hand green widgets and my guys are all in Shanghai training new staff.")

I'm *not* arguing against managing content and media; I made my living in that area for a good many years. I am suggesting that the value of "network effects" is based to a great extent on being able to discover, manage, and take advantage of the relationships that exist -- or are created -- among people and the work they do.

Where before if I relied only on two or three people to give me the facts about Green Widgets, now I might find that, if I can improve on keeping track of *who knows what* and *who knows whom*, I might now find that there are actually *ten* people in the company who can tell me what the difference is between left hand and right hand Green Widgets.

It would be especially nice if I could discover those ten people based on indexes that are byproducts of how they naturally communicate and manage their work and relationships.

## **Reach, discoverability, and navigability**

This concept of *reach* is one of the fundamental elements of the network effects we seek from implementing blogs, wikis, and other collaborative and relationship oriented tools in the enterprise. We're not trying to centralize expertise, we're trying to make it possible to reach someone who knows something, no matter where in the company he or she is, regardless of whom he or she reports to.

To do that, the network needs to contain the information on the people you seek, and it must make that information easy to locate and modify as situations and relationships change.

This doesn't happen overnight. In fact, it takes time to create blogs, tag emails, learn how to use them, and convince other people to use such tools as well. Fortunately, a feature inherent in social networking tools enables "viral networking" to occur where people can invite others to participate in activities. This can generate "buzz" that can be even more effective than an email from the CEO about creating content that can be scanned and indexed (although, the email from the CEO shouldn't be ignored!)

## **The networking of people, processes, and projects**

It helps this discussion to consider the major classes of participants in a system that is designed to maximize network effects. I call these the Three P's - People, Processes, and Projects.

- People refers to the people in the organization who do the work.

- Processes refers to the work activities these people perform.
- Projects are defined activities with beginnings and ends that people do in relation to the processes.

This is where current tools come in. Modern blogs and wikis, whether they are centered on people, projects, or processes, can be designed to interconnect and link automatically:

- When a staff member is assigned to a project, the project can have its own blog or wiki. The fact that the assignment is made is registered automatically with the staff member's personal blog or profile. Links are automatically created that allow moving from person to project or project to person. ("Do we have any current development projects that are focused on Green Widget upgrades? If we introduce a change to the manufacturing process, whom do we need to inform so that changes to sales and delivery projects can be planned and implemented?")
- RSS feeds are automatically generated that people can subscribe to so they can keep up with changes to people, projects, or processes. ("Matilda, this is Jose in Central Accounting. In scanning a feed from our Western Europe distribution center, I'm seeing occasional mentions of Green Widget returns, but I haven't seen any numbers cross my desk yet. What gives?")
- When a person is reassigned to a project his or her project link reflects that. ("Joe, I see here that you worked on the Green Widget project last year...")
- If tagging is communicated consistently across people, process, or projects, searching the network with a given tag such as "Green Widgets" brings up people who have something to do with Green Widgets, processes that use or produce Green Widgets, and projects that are involved in developing new and improved Green Widgets.
- Integration of email based communication with the system and incorporation of tagging will also allow for email based intelligence to be added to the overall mix of retrievable information. For example, emails tagged with the term "Green Widgets" might be analyzed to identify frequent recipients of emails related to "Green Widgets." These individuals might then be classed and algorithmically ranked as "potential experts" on the subject of green widgets. (Automatic indexing of email content is already an element in some knowledge management systems. This is also a feature of Microsoft's upcoming **Knowledge Network for Microsoft Office Sharepoint Server 2007** product.)
- Widespread use of a common bookmark sharing tool such as **RawSugar** or **Cogenz** could allow allow people in different departments to detect similar interests. ("Hey Marv, this is Jean in Western Sales. We've never met -- I'm in the Tulsa office. I just saw that you tagged Finkelstein's newsletter article about current trends in water-cooled production of Green Widgets. Why are *you* interested in Green Widget manufacturing?")

## Conclusions

The list of bulleted items above touches on a wide potential coverage for a system that promotes network effects:

- People in different departments, divisions, and countries
- Processes supporting different corporate functions (e.g., sales, manufacturing)
- Projects of different types (e.g., research projects, development projects)

These cut across traditional corporate boundaries. Companies might differ in how open they will be to changes to the status quo. For example, how will Matilda feel about Jose's call if she isn't already aware of the returns mentioned in the Western Europe distribution center blogs?

For network effects to occur, enough people, processes, and projects need to be covered by the systems, and the systems need to work together so that, for example, islands of incompatible email systems aren't created.

What is the "critical mass" for enough information to be managed so that useful results can be observed?

I don't think it is possible to give a standard answer to that question. I also don't think that a purely numeric analysis that focuses on network traffic and the potential number of network participants is the answer.

Under the assumption that it is useful to "start small" and grow, there are several factors that I would recommend for consideration when introducing an enterprise level system to maximize network effects from improved collaboration and shared intelligence:

- Focus on problem areas. Introduce enterprise social networking, shared intelligence, and collaboration tools where they can do the most good. That means starting with a "problem child" operation or division that is most in need of innovation and improvement.
- Focus on interdisciplinary efforts. Discovery of connections has the most potential in areas where those connections are hardest to create. One area might be the interface between a business unit and the IT department in developing a major new service offering. Another might be in the relationships between Accounting and Sales in supporting the move to a new -- and potentially controversial -- sales compensation plan.
- Maximize staff ownership. Even if you bring in consultants to help implement and train, transition to staff ownership and operation as soon as possible.
- Reward participation. People need to understand that creating and updating certain types of information related to people, processes, and projects is now an expected and required part of their job. They should be trained and evaluated accordingly.
- Promote growth. People also need to understand -- and be evaluated accordingly -- that it is up to them to invite and help others to participate. This "sales" role should be everyone's responsibility, not just management's or the Training Department's.

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