

**Podcast Transcript**

by

Kathleen Gilroy interviews Andrew McAfee  
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KATHLEEN

My first question is when did you become a believer in Web 2.0? When did you become a believer on the road to Damascus?

ANDREW

I had two of epiphanies. I had a student who did his class project on wikis. And I thought he was talking about the big thing in Star Wars. He said, no it is a new technology that lets people collaborate in unstructured ways. He sat down and gave me a demo and very quickly saw that this was addressing real business problems and that this could be a very useful thing in an enterprise.

I was still kind of skeptical about it on the broad Internet and when I started hearing about wikipedia three years ago -- when it got a lot of press -- and I thought this thing can't work because at some point the nazis are going to show up and they are going to ruin it for everybody else. It seemed like a classic example of utopian community where once it got some scale, the bad apples would show up and ruin it for everybody. And the very first wikipedia entry that I went to was for skinheads where I thought we would see the racist skinheads and non-racist skinheads yelling at each other and destroying each other's contributions. What I see instead was a very good, informative encyclopedia entry on skinheads.

And at that point I said, "there is something fundamental going on here that I need to understand." And that launched me on this whole process of exploring web 2.0 and trying to translate that into enterprise 2.0.

KATHLEEN

And your work up until that time. What had you been doing?

ANDREW

I had been doing exactly the opposite of that. I had been looking at these great big, monolithic, inflexible systems, like SAP and ERP and supply chains and CRMs, where the intention is to impose constraints. To tell someone exactly what their role is, what they do and don't have access to, what decision rights they do and they don't have. I spent a lot of time watching what happened as a result when these technologies were deployed.

I think those are good and beneficial technologies that you can't get any other way. What fascinates me about the enterprise 2.0 technologies is they are just about the opposite. They are not used to impose constraints they are used to remove constraints from people and how they want to interact. And they give very types of benefits, very different capabilities to organizations.

I think the two technologies are very good complements. The technologies that impose constraints and the ones that remove constraints. So we don't face an either/or decision. But we better be careful about what we are trying to do and how we are going about doing it.

KATHLEEN

I'm a big fan of Yochai Benkler's book - The Wealth of Networks - He talks about the networked information economy and he defines it as a new stage of economic development characterized by both autonomy and connectivity. Do you think these are the underlying drivers behind enterprise 2.0?

ANDREW

I would add at least one thing to that list in addition to autonomy and connectivity which I think is spot on. I would add emergence which is this phenomenon where patterns appear at a high level as a result of very unstructured low-level interactions.

So it is the fact that the Internet is completely decentralized and no one tells anyone where to link their pages, we can still navigate thanks to Google. Google realized that the web has a massive amount of structure, even though no one dictates that structure and that we can analyze and profit from it to navigate around very efficiently.

We'll see behind the firewall as we get more dynamic intranets and better search technologies and folksonomies and these other things. One of the other benefits is letting structure and patterns emerge that we can profit from and analyze and monitor over time.

KATHLEEN

You talk about the difference between platforms and channels. Can you explain that and why it is important for enterprise 2.0?

ANDREW

I talk about email and instant messaging and mobile phone text messaging as channels. It is just a conduit that we use to send messages to each other. That's extremely useful. The problem is there is no record of us having communicated. It is private. No one knows except the senders and recipients knows a communication has taken place. What happens via channels isn't available to the rest of the enterprise.

There are times when you want to share with your group or your company or your division is -- what you are doing, what the process of collaboration is and what the results of collaboration are. To do that with a channel you cc everybody and that quickly becomes very unwieldy.

So I contrast channels with platforms which are basically just large repositories of information where you post or leaving something there. The benefit of a platform is that all the contributions are visible. Everyone who has access to the platform can consult them and search for them. There is a record of who was talking to whom, so you understand who might have the knowledge you might need in an organization. And you get very different benefits when you put stuff up on platforms as opposed when you send them across channels.

KATHLEEN

Can you give us some examples of platforms?

ANDREW

I wrote my early case studies on the investment bank Dressner Kleinwort and they were one of the first large scale adopters of enterprise 2.0 technologies behind the firewall.

A lot of the professional services firms are experimenting behind the firewall. They are usually frustrated by their ability to share information and capture knowledge inside the company. The technologies they have to do that have been a let down, so there is real interest in enterprise 2.0 platform to share the massive power point slide decks that they generate, for example.

KATHLEEN

My next question has to do with the success of web 2.0 which has to do with two things: very low barriers to entry and simple structure AND coupled with the need with a digital identity or reputation in the search economy. How do they translate inside the enterprise? Aren't they antithetical to existing structures both cultural and technological?

ANDREW

They are a little bit antithetical to both, in particular if people inside the organization have a deep attachment to the existing org chart and they only want contributions that are appropriate to a given person's level on the org chart. They don't want someone low on the organization to speak on the same footing as someone higher up. Or heaven forbid over rule or to refine the contribution of their boss. Then we've got a problem. All of the web 2.0 technologies are very egalitarian. They don't care who you are. They are non-credentialist. They don't care how many degrees you have from elite universities. They don't care where you are on the org chart. It is not a coincidence that they are yielding some fantastic results. The anti-credentialism is a large part of the success of these technologies.

If we want to do the same things behind the firewall we need to adopt some of these philosophies. That doesn't mean opening the flood gates. And there is no such thing as differentiation or hierarchy or structure any more. You better be receptive to a much more egalitarian online culture.

KATHLEEN

When will the competitive advantages of that online culture start to manifest themselves?

ANDREW

They are going to start to manifest themselves very quickly. The problem is they are very hard for an outside observer to see. If we were going to go look around 20 companies 10 months from now and assess their level of enterprise 2.0ness and the benefits they got as a result, that would be very hard to do rigorously and conclusively. The benefits will accrue over time, they will start accruing quickly -- but are they the kind of benefits that we can trace back to this one piece of technology? I don't think so. There is a bit of faith involved that doing this will yield benefits that you couldn't get any other way.

KATHLEEN

Once things are up and running, success has to do with network effects. My next question is can you activate network effects inside the enterprise? Can you manage this process and what does management mean?

ANDREW

This is a really fundamental question because there are not managers on the web and web 2.0 has grown and flourished without this constituency that we have inside the corporation called management.

The idea of network effects gets tied closely to the long tail. Even if a small number of wikipedia readers ever make an edit, there are still enough of them that we get the result that we observe, this huge, growing online encyclopedia.

The web 2.0 long tail will not scale down to the enterprise. The .001 percent of people contribute to a wiki. That's essentially no one contributing to it. The biggest concern people have when they think about network effects: do these network effects still happen when they are not enough actors to activate them? This is where management comes in to create a culture where people are encouraged to contribute. We have a higher ambient percentage of people contributing to these platforms as opposed to just passively consuming them. You don't need that many contributors before good things start happening.

I am teaching an MBA course that has fewer than 100 people. We set up a course-wide wiki. The management decision I made was to make contributions to the wiki a substantial part of the grade for my students. I'm confident that we will get a great, very vibrant online platform as a result of the actions of less than 100 people.

#### KATHLEEN

You have tied recognition to participation. When I was doing research on the difference between using email vs. blogs in courses in 2004, I found that the fourth wall is open with blogging vs. email. So students participated more. The quality is much higher due to the visibility that is not there inside a private channels as you describe them. That raises the question of what kind of incentive and recognition systems can companies use to create this new culture that will activate these effects?

#### ANDREW

There are a variety of things. Most of the smart managers I've talked to tend to prefer the soft over the hard when

it comes to incentives and motivations. They do coaching; they encourage their people to contribute to these platforms. But they don't say you must make 20 blog posts or you won't get any bonus. I did it in my class I've got some very busy students. They've got too much else going on. Inside a company what they've got going on is their jobs. We don't need to put in place super hard incentives to encourage participation. We do need to do managerial work to create a culture and spirit that this is how we are going to collaborate and share information and knowledge.

KATHLEEN

It would seem that transparency is a benefit in and of itself and if you have people rewarding others at least looking, they are going to see performance they wouldn't see otherwise.

ANDREW

And I would that the instant manager starts saying somewhat visibly, look, "Kathleen did this brilliant blog post or she really helped that advanced this project with what she did." Even that level of recognition and transparency as you say should lead to really positive effects inside companies.

KATHLEEN

We've seen this in a six-year project with Merrill Lynch. We took out email and put in blogging and we saw extraordinary results. People cross boundaries much more easily. That's a big benefit. We saw cross cultural collaboration that would not have existed without the platform.

ANDREW

How could those groups know about each other unless they attended the same conference or someone switched jobs and

they could make a human connection? One of the things my colleagues who have studied social networks have point out is the important role of brokers play inside companies. Who are simply connectors of people. You are working on this problem, I know someone else who is also working on this problem. Their world doesn't go away in the world of enterprise 2.0 platforms. The platform is another flavor of broker that didn't exist before.

KATHLEEN

People did emerge as leaders and you could see it, and they become stars in the system and they were recognized and rewarded as stars.

ANDREW

That's great because that's another way for someone to succeed in an organization and it is another set of skills that managers in companies really want to tap. And how do they tap that before? Maybe they couldn't and now they can?

KATHLEEN

What does leadership look like in the 2.0 enterprise? Does it change?

ANDREW

Yes it does. I'm not sure how much it changes. I can see a couple of things. One is that these technologies really put to the test the leadership boilerplate that if you want to gain control overcomes you have to let go of control over people and events. That's very easy to say. These technologies force you to put that philosophy into practice. When you deploy these things you by definition can't look over the shoulders of your people and make sure they are doing the right thing. You can't piegon hole them into participating you want them to, they are going to

do it they way they want to -- at least at first. It is a test of whether or not the leadership of a company means what they say when they put that in the annual report.

The other challenge to leadership here is it is going to make leaders more as coaches or as shapers of an online culture as opposed to people who get to dictate the online culture or dictate how IT gets used. If you deploy an internal blogosphere you can't specify in advance what that is going to look like, but there are many things you can do to shape it over time so that it heads in a direction you find productive.

KATHLEEN

Is it a modeling behavior. Do the leaders have to be bloggers?

ANDREW

It is not the case that the leadership of a company is at the forefront of everything they want employees to do. I don't think they have to be bloggers but it falls back on coaching and this vague word of culture which turns out to be incredibly important, and on signaling to the organization the behaviors they want to see. Formal and informal rewards of highlighting the great job someone did and just showing that you consider this new stuff important and that you don't think all we have to do is deploy it and walk away and think the employee base will do it all on its own. That's a very bad strategy.

