

A Crowded Place

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Stephen Benson is an expert in crowdsourcing and has developed a business model that includes a strong social element. In this interview with Christian Godske he explains why crowdsourcing is such a powerful tool.

Stephen Benson: Innovation Exchange is an online global innovation network that helps Fortune 500 companies solve their innovation challenges in the broad business areas of product development, marketing, sales, operations, designs, supply chain and research. We do it by tapping into that collective intelligence and resources of a proprietary network global community of innovators and we believe that it is our understanding of the physics and the psychology of online communities that makes us successful. We make sure that the right people collaborate and with the right virtual teams on the right projects for the optimal results for our clients.

The Innovation Exchange platform is designed to govern the process and create a community that becomes more productive the more that it is engaged with, and a community where people network and learn from each other too.

We built this business model because we have a firm belief that sustained innovation is no longer about who has the most gifted employees – because we all know you can never have enough – and it is not about who has the best equipped Research and Development labs – because lots of companies have those and lots of companies have failed. It is more about who has access to the most compelling innovation community and that just does not mean your customers and it just doesn't mean one or two strategic suppliers.

We believe it is a global community of resources and people that you need to have access to and so we've established the Innovation Exchange as a source for that whole process.

Christian Godske: Crowdsourcing is nothing new and we have seen some great cases like Wikipedia and even commercially focused ones, like Dell Ideastorm. But why does it stay relevant?

SB: The actual concept of reaching out to people for solutions has been around since the 1700s. In 1714 the measurement of longitude was a problem that came into sharp focus as people began making transoceanic voyages. The British government realised this was something that needed to be unlocked and offered a £20,000 reward to anyone who could come up with a simple and precise method of determining a ship's longitude. Numerous awards were given against the challenge.

So reaching out to people to solve problems is not new. What is new is our ability to connect and our ability to communicate with people on a global scale. I think social relationships have been completely redefined by the internet and some of the technology that is going on. I think who we know now is becoming much more important than what we own. We are right now at a crossroads where the world is really too fast, too complex and too networked for any company to have all of the answers internally.

I think organisations have come to the realisation that they need to look across disciplines and they need to look across sectors to find the innovations that will matter tomorrow. It is not necessarily all going to come out of their Research and Development (R&D).

CG: Can crowdsourcing replace R&D?

SB: No. I am a firm believer in saying that we do not replace R&D departments we are just an adjunct to them. We are an extra tool in an organisation's innovation tool box.

Crowdsourcing is just an extra little tool that organisations can use to reach certain things and certain challenges lend themselves better just having somebody solve it through an internal employee and some challenges lend themselves better to maybe look outside the company's four walls.

CG: How does a company get started using crowdsourcing? And how do you motivate and initiate that crowdsourcing experience? Is that all done internally through the company or through a million dollar competition to come up with the best idea?

SB: It's not necessarily always a million dollar competition. We have spent a lot of time working with academics because we wanted to get a real understanding of how people operate in network communities online. What motivates them? This has resulted in us developing a couple of algorithms with between 120-150 variables that identify what motivates somebody to actually participate in a particular challenge.

And the financial variable is sometimes weighted fairly low. To get started we make a broad or narrow call to action to our community. But it is always a well-managed process, it is not just to throw something against the wall and see what sticks.

CG: Out of those 150 variables that makes people want to join, what would you say would be the main incentive for consumers to participate in crowdsourcing? And is it something that people can actually make a living of?

SB: Well making a living obviously depends. Do our incentives have the ability to make a

life change for certain people? Absolutely. We have a team in Romania who worked on a challenge and were successful and our client purchased that for \$100,000. \$100,000 goes a lot further in Romania than in the US. We also have another team who used their reward payment as seed money for a business they'd always wanted to start so they quit their jobs and followed their dream.

However, I believe that you will see the financial reward being taken out of the equation more and more as crowdsourcing evolves. Instead the whole social aspect is something that will grow and the financial aspect is something that will diminish. I don't have to pay a \$100,000 reward but I have to do something else, something that is socially relevant to the folks and the organisation that are working on the challenges.

Some of the motivating factors that we have seen coming more to the fore include peer recognition and just the creative and intellectual challenge of being able to solve something that a Fortune 500 might not be able to. Crowdsourcing is a creative and intellectual challenge in and of itself and people get motivated by many different things with the financial piece being just one small component which has a different weight for different people.

CG: Is crowdsourcing something that can be used by all brands and all sectors from consumer brands, businesses, business to business and that can be used for all challenges? So what's really the range here?

SB: We are a firm believer here that certain challenges aren't designed for the Innovation Exchange. If you need specialisation you might want to look somewhere else. We thrive on challenges that require a broad diversity of thinking. Here is a silly analogy to make my point: I wouldn't want somebody doing a medical operation on me if they have diverse experience in all sorts of things. I want a person who is doing that medical operation to be a specialist in that specific area. So that challenge is best tended by someone who is a deep specialist.

CG: Do you see any differences region by region? We know from commercial online behavior that there is great variation in how much different regions participate. South

America and the APAC are much more likely to be 'content creators' than Europe for example.

SB: We do not experience that difference. Our community has 192 countries represented and we do get a significant amount of solutions coming in from Europe. It is probably because we are a community with dedicated participants.

CG: Do you think a business like Innovation Exchange is required, especially for more complicated crowdsourcing projects. Or could a company just put out a challenge on the internet and say here's a banner, and here's a million dollars if you solve that question?

SB: That becomes an electronic suggestion box and we are definitely not an electronic suggestion box. This isn't a technology play at all. So anybody can throw up a piece of technology, which is an electronic suggestion box and say "hey... here's a question", here's a million dollars, give me your suggestions" and that is a viable thing to do and organisations have been successful doing that. However, we have a much more managed process and although it is called open innovation, it is open with a managed structure behind it.

CG: In general where do you see crowdsourcing heading from a more practical perspective. Are the projects becoming bigger more elaborate or are they becoming smaller and more relevant for everyday use?

SB: I think they are becoming smaller and I think they are being integrated into very many different areas. Initially when we started out it was the marketing guys who saw the value of this. Now we're seeing all sorts of different elements of a business organisation getting involved and saying "hey, we have an issue and a problem, I wonder if the community could solve it"

CG: So there is no doubt that this is becoming more common, so it is becoming a part of any serious business toolbox for solving problems basically.

SB: Yes, I fully see it as that.

Q: Christian Godske is Head of Digital at MediaCom Denmark. One of his professional milestones was when, as EMEA Client Service Director for Nokia, he helped launch the biggest online multiplayer experience “Nokia Games”. Christian is an external lecturer and a much soughtafter speaker on social media, new media and trends.

A: Stephen Benson is the founder of the crowdsourcing organisation, Innovation Exchange. Since starting the business in 2007 he has worked with some of the world’s largest brands.

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