



A Business Pattern For The Networked Economy

by

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Sir Francis Bacon was right ...*Knowledge is Power!* Consequently, one of the most profound implications of the rapid shift to the networked economy is the unparalleled access to knowledge everyone now has. As a result, customers really do have the power to expect to get exactly what they need and want – where, how, when and at the price they want to pay.

In other words, customers are now able to say to companies that they will do business if and only if it is “under my terms.”

This has changed everything.

But while empowering the customer was always expected to be a major benefit of the networked economy, businesses generally have yet to understand how to integrate a knowledgeable and thus powerful customer into their business model.

First, businesses need to understand the critical role the customer now plays and encourage their collaboration not only in defining the channels of communication, product testing and problem solving, but also in the personalization of product and solution development. The networked economy is defined by the choices I (the individual customer) want you (the business) to make available to me, rather than what you chose to make available to me.

Secondly, and even more importantly, every business must recognize that technology allows customers to be joined in self-identifying virtual communities. In certain instances they come together on their own. At other times, they can be choreographed. In fact, you might already be a member of several dynamic customer communities based on your interest in such things as adventure travel or baseball, baroque music or human resource management. Even prison wardens can form a community of like-minded needs and wants.

And all of the businesses that want to be members of a community and participate in its economic activity must organize themselves to satisfy the needs and wants of the specific group of customers that form the core of the community. This organized cluster of companies results in what we call a *collaborative community*. Simply put, any business that is involved in the making and/or delivery of the products and services to the customer is not just part of a linear value chain, but can be part of a dynamic, interconnected, *collaborative community*, where each member benefits by focusing on profitably satisfying the needs and wants of the customer group that defines the community.

In order for a collaborative community to work, it needs to be able to satisfy the needs and wants of each customer on a personalized basis. And that requires one of the members in

the community to function as the choreographer in the dance with the customers. Since the knowledge of the members and the customers is scattered about the community, someone must bring it all together. While any company can be part of the community, only the member with the ability to understand the customer is able to effectively assume the role of choreographer.

Simply stated, the choreographer is the keeper of the collective knowledge of the customer and helps translate that knowledge into the understanding each member of the community requires in building their own profitable company.

Better information flowing to everyone in the community results in satisfied customers and profitable companies. In essence, the collaborative community affords each member transparent access, all the way from product design to product delivery.

So despite all the earlier attempts to cut members out of the value chain, a critical assumption is that the composition of the community should and will change only when it leads to an increased ability of the community to profitably satisfy its customers.

Enough assumptions! The plain fact is that the companies that will be successful in the networked economy will value their business from the point of view of the end customer and will use that perspective to see the patterns in the knowledge their community generates.

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A version of this article was published in the Boston Business Journal, May 26 –June 1, 2000.