

Cisco Systems
Podcast Transcript: Don Tapscott, Author of Wikinomics
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Evan Schuman: Welcome today to the next installment in the Cisco Technology Audio Series. I'm Evan Schuman, and we are lucky enough to be here with best selling Author, Don Tapscott, who has crafted some 11 books on business and technology issues.

His most recent one is "Wikinomics: How Mass Collaboration Changes Everything." There are new communication methods. Obviously, Wiki is podcasts, social networking, mobile phones, et cetera.

How do you see those over the next few years changing the way most businesses have to function?

Don Tapscott: During the dot com period everyone talked about eyeballs, stickiness, clicks, page views, websites, and so on, because content was king, because that's what the Web was about, presenting content.

The new Web is a global computational platform. It's a platform for programmability, and that means that we have the first ever global infrastructure that enables people to collaborate and to self-organize.

And, of course, as you alluded to, we're not talking about electronic mail. As a 20 year old recently said to me, "E-mail is a good technology for sending a thank you letter to one of your friend's parents, but beyond that it's not very helpful."

We're talking about a new generation of social networks, blogs, jams, Wikis, collaborative filtering, tags, RSS feeds, and so on, that really radically drop collaboration costs in the global economy. So this is no longer about transactions or interactions, it's about collaboration.

And that means that we're not just hooking up online, or creating gardening communities, or putting a video onto YouTube. This is becoming a new mode of production, and it's beginning to fundamentally change the way that we orchestrate capability in society to create goods and services, the way we innovate, and the way the companies engage with the rest of the world.

So I think this is the biggest change in the corporation probably in the century, and companies that can figure it out tend to be successful, and those that don't are now tending to fall behind.

Evan Schuman: You've made a very eloquent argument that this kind of transparency, you've used the phrase "undress for success," is something that is going to be very powerful for companies that get it, and that truly have important messages to give, and relevant products and services to offer, but that it's likely to just as easily cripple companies whose message was never that strong to begin with.

Don Tapscott: Well, it's a good point, and transparency, as you know, is one of the four principles of Wikinomics. We call it "being open." You might as well be open because you're going to be naked anyway.

Every company is being scrutinized by its customers, business partners, employees, shareholders, and others, like never before. At their fingertips they have the most powerful tool ever for finding out what's really going on, informing others, and even organizing collective responses.

So you are going to be naked. If you're going to be naked, fitness is no longer an option. If you're going to be naked, you'd better be buff. And what that means is that you need to have good value, because value is evidenced like never before. You say you've got good products, they'd better be good. Or you've got the best prices, they'd better be the best prices.

But you also need to have values. In some ways it's even tougher. You need to have integrity baked into your corporate DNA, because if you don't you'll be unable to build trust, and trust is really the sign [qual now] for success in a -- in this new networked business world.

So if you are buff, transparency is the best thing that ever happened to you, so you can undress for success, you can open the kimono, and through transparency drop collaboration costs and build a higher performance business model.

If you have bad products, the first people you should tell are your customers, and that'll help you get better products, and along the way it might help you build trust with your customers, as well. They're going to know anyway if you have bad product.

Evan Schuman: One of the other things that transparency deals with is the frightening, but also often sought after, credibility issue. And a lot of companies are used to, over decades of experience they're used to being in control and controlling the message.

The way things are going with all of the new approaches, particularly the Wikis, it's the opposite, they're losing control. How well do you think American executives are going to deal with that new approach?

Don Tapscott: It is an approach, but it's also a reality, it's something that you can embrace, and through understanding it, change your modus operandi to be more effective.

But, let's face it, companies don't control things the way they used to. First of all, capability was inside the boundaries of corporations. They were vertically integrated, and they did everything from soup to nuts.

Now, capability is our networks and business webs or, even more broadly, as we pointed out in Wikinomics, your capability may be in a vast pool of labor that's pure producing something. Like the, I don't know, Linux operating system, and you can't control that, but you need to tap into it.

So, increasingly, we'll have to achieve power through people rather than all over people. It is a different paradigm, and the idea of letting go is so counter-cultural and antithetical to the way that we run our companies.

So, of course, there's some things you want to control, but increasingly you need to be more sophisticated than that, and develop ways of achieving capability through bringing together partners where you have a common self-interest, and control is achieved through everyone acting together, self-organizing and acting together to achieve common goals.

Evan Schuman: There seem to be two different kinds of consumers of the information, from technology and every other perspective. There are a lot of the younger consumers that are embracing these new methods and, whether it's uncomfortable or not, companies know how to communicate to them. But they also have some more established older customers who are not comfortable with this, so they have to speak to both audiences, and one could argue they're almost polar opposite in how they want to be communicated with.

How do companies deal with that for the next generation or so until it's entirely moved the other direction?

Don Tapscott: Well, that's the power of the new web, is that you can have highly customized communications, and interactions, and collaborations, with different highly segmented marketplaces and audiences.

And so for one it may make sense to communicate with them in a very traditional way, and for others you can go way beyond customer centricity, focusing on your customer and all that kind of stuff, to actually engage them to co-innovate products and services with you.

This is the art of Wikinomics as opposed to the science. Being able to understand the differences and the high diversity that exists within a business Web in terms of various levels of comprehension, culture, cultural legacy, technology legacy, capability, and so on, but that's the power. To me, this is a feature rather than a bug, you know, as they'd say in software.

Evan Schuman: How do a lot of these issues impact the way companies are going to have to look at the global marketplace?

Don Tapscott: Well, "global marketplace" is a good term, and by that we should be clear, we're not just talking about a marketplace for customers, we're also talking about a marketplace for talent.

Every company, as Jim Quigley, who is the CEO of Deloitte, someone I was talking to recently, every -- he says that, "Deloitte competes in these two marketplaces, for customers and talent, and we do have a global crisis for talent that's emerging."

So the problem here is that, again, legacy, we all have national corporations. It made a lot of sense, you have a national corporation in a national economy within a nation state, and you went to another nation state, you became a multinational corporation. It all makes a lot of sense except for this one little detail, that we increasingly have a global economy. So being a multinational is not good enough anymore.

Ralph Szygenda, who is the CIO at General Motors, says to me, "GM has got to be truly global. You know, a door made in a plant in the Czech Republic has got to fit in a car made in a plant in Poland, and we need global processes, global IT, we need a global network, we need global sourcing, global business practices, we need to be truly global. And I'm outsourcing \$15 billion of IT," he says, "and hardly any of these companies that are my partners are global. They're all a bunch of multinationals. I'm dealing with one in the U.S., and the same company in China is completely different."

So this is an historic change. You know, if you Google the expression, "think global [act] local," you get millions of hits. If you Google the expression, "think global [at] global," you don't -- you get a bunch of mistakes, basically, of people who didn't get the expression right. I find this kind of curious, if we do have a global economy, how come we all want to act local?

Evan Schuman: How is your book doing, by the way?

Don Tapscott: If you look at Amazon sales records, it was actually the number one management book of 2007, but the really interesting thing is it's, you know, it's been out 14 months and it's still selling very well. And, in fact, a new edition comes out on April 17th.

The new edition has a new forward, where we talk about sort of Wikinomics and the world, and it has two new chapters that are really how to make Wikinomics happen. Since the book has been published we've learned lots from the experience of hundreds of companies trying to apply these principles to innovate faster and better and to be more successful.

And so we're hoping that this real practical advice will be helpful for practitioners who want to bring about change in their enterprises, or their universities, or their governments, or whatever institution they find themselves in.

Evan Schuman: Well, thanks, Don, for sharing those thoughts with us today. For Cisco Podcast, this is Evan Schuman. For more podcasts on technology and other global news information, please go to newsroom.cisco.com. That's newsroom.cisco.com.