

# Think 'with'

The successful business models of the future will embrace the With and By culture of consumer collaboration, not the traditional To and For approach to the creation of products and services

By Charlie Leadbeater

Just as we thought we knew what organisations were for, we thought we knew what consumers were for. They were the consummation of the production process, the final link in the value chain.

But these orderly value chains are now being scrambled up and, as a result, some consumers, in some areas of the economy, are playing very different roles.

They are no longer passive recipients of goods delivered to them; they want to be participants in creating services they want.

Instead of having products delivered and marketed to them, they want services that work with them and allow them to do things by themselves. A prime example of this participative consumer culture is *World of Warcraft*, which has become, since its launch in 2004, one of the most successful computer games ever, with more than eight million subscribers. The average player spends more than 21 hours a week playing.

*World of Warcraft* was designed to be social and participative. Many tasks are too complex to be undertaken alone, putting a premium on collaboration among characters with complementary abilities. Yet *WOW* is not a collaboration of altruistic hackers. The players pay a monthly subscription of \$14.99. Extensions to the game have to be bought: the first to be released *World of Warcraft the Burning Crusade* sold 2.4 million copies in the first 24 hours. And there is a burgeoning industry of 'real-money trades'.

*WOW* announces the development of a mutant consumer culture. The players are consumers: they buy the games software, pay

a subscription and purchase other goods and services. Something is delivered to and for them from a producer.

Yet Blizzard Entertainment, which makes the game's software, does not deliver the experience down a production line. It gives the players the tools to create it among themselves. The players create the value with, among and by themselves.

*WOW* is a powerful recipe, and one that more companies will follow: deliver something for consumers that will allow them to do things themselves, and with one another; be the vital ingredient, the starting point for a collaborative undertaking.

Yet, this shift from 'for' to 'with' also takes with it traditional economies. The dichotomy of supply and demand does not make sense in a world in which products can be built by the people who consume them and where, under the right conditions, demand can generate its own supply, unlocking a vast new source of value. Organisations built on high levels of member participation can have low costs. The most successful games companies sustain communities of millions of players with, at most, a few thousand employees. When consumers become participants, innovation becomes more dynamic and, in some respects, more manageable.

User-driven innovation, when consumers participate in designing new solutions, closes the gap between producer and user. A prime example is the emergence of the mountain bike, which was created when young cyclists in northern California started to take their bikes onto mountain tracks in search of new challenges. Traditional bikes were not designed for this terrain, so the rider-developers created

new bikes by mixing strong, old-fashioned bike frames with wider tyres to provide grip, and drum brakes from motor cycles.

For several years. Pro Am bikers built these 'clunkers' in their garages. Commercial manufacture began in about 1975, and a year later there were half a dozen specialist assemblers in the part of northern California that lent its name to Marin, the company that became one of the best-known mountain bike producers. By 2004, mountain bikes and related equipment accounted for 65% of all US bike sales. A category that had been invented by passionate users was worth \$58 billion.

Something similar has happened in other extreme sports, such as windsurfing and snow boarding. One study suggests that, in active sports, about 57% of significant innovations have come from consumers.

Where technology has many possible applications, the users rather than the producers often work out what it is really for. Mobile telephone companies failed to predict that SMS messaging would become one of the main forms of communication among teenagers. Only when the technology fell into the hands of users did the full range of its application become apparent.

Consumer innovators are often also critical to disruptive innovations that upset an entire market. Mainstream companies working in mass markets often have powerful incentives not to innovate: they tend to reinforce past success and overlook small, emerging markets where there is little money to be made.

In those marginal markets, passionate users, who are not interested in making a big profit, often carry forward innovation. Twenty years ago, no one in their right mind in a big record company would have dared to suggest that promoting a form of music in which black men in inner-city ghettos expressed their anger at the world and glorified in violence. Rap started as a Pro Am activity, with people recording songs at home and distributing them on tapes. Now Rap is the dominant form of popular music in the world, influencing many other aspects of popular culture.

The spread of the web means more people will be participants as well as recipients, players not just spectators. We will want solutions that work with us, as well as doing things for us. Most of the 20th century was dominated by the rise, in the public and private sectors, of 'for' and 'to' style organisation and



*Rap music evolved through the participation of passionate amateurs*

solutions. And we spend a lot of time trying to fix the problems of distrust they are running into. They are too clumsy to be intimate and personal. Meanwhile, the web and mobile communications, which work with people, are creating models of how to be personal as scale.

'For' and 'to' solutions can deliver very useful things to you that you need but cannot produce yourself: washing machines and cars.

But most of what we most value - recognition, respect, friendship, care, love - comes from relationships. That is what 'with' solutions appeal to.

The contrast between for and to and with and by solutions helps to explain why we find life so perplexing, and also how we might find new solutions. It is perplexing because 'for' and 'to' and 'with' and 'by' approaches are often at

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odds with one another. That conflict is why almost all media businesses, old and new, don't have a business model they can rely on for another five years.

Traditional 'for' and 'to' approaches depend on professionally controlled content being sold to advertisers and subscribers, but that is being fatally undermined by the growth of 'with' and 'by' approaches of peer-to-peer sharing on the web. Yet very few of these 'with' new media models - Facebook, Twitter, YouTube - know how to make money. The conflict between 'for' and 'to' and 'with' and 'by' explains why the media and cultural industries resemble a civil war in a failed state, as everyone fights everyone else to see a way forward.

While newspapers experiment with 'for' and 'to' mixed pricing models, charging for special value online content, the most successful models of the future will depend on a mixture of control and collaboration. Apple's beautiful iPhone is the access point to an ecology of apps made by a mixture of third parties, some of which provide content for free.

Many of the most successful business models of the future will depend on the clever combination of 'for' and 'to' and 'with' and 'by'. The rest of our lives will be caught up with the tensions between these two approaches and opportunities to combine them. The big opportunity ahead is in 'with' and 'by' approaches. So, learn with, create with, work with, govern with, think with.