

# LIVING NETWORKS

ANNIVERSARY EDITION



LEADING YOUR  
COMPANY, CUSTOMERS,  
AND PARTNERS IN THE  
HYPERCONNECTED ECONOMY

**ROSS DAWSON**

# LIVING NETWORKS

Leading Your Company, Customers, and Partners  
in the Hyper-Connected Economy

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## What Business Leaders Say About *Living Networks*

"I'm not sure that even Ross Dawson realizes how radical—and how likely—his vision of the future is. Ideas that spread win, and organizations that spawn them will be in charge."

- **Seth Godin**, author, *Unleashing the Ideavirus*, the #1 selling e-book in history

"Dawson is exactly right—pervasive networking profoundly changes the business models and strategies required for success. *Living Networks* provides invaluable insights for decision makers wanting to prosper in an increasingly complex and demanding business environment."

- **Don Tapscott**, author, *Wikinomics*

"Ross Dawson argues persuasively that leading economies are driven by the flow of information and ideas. The ideas in his own book can position any individual or company at the center of that flow. It's a fast read, fun and full of examples."

- **Thomas H. Davenport**, Professor and Director of Research, Babson College, and author, *Competing on Analytics*

"*Living Networks* is a fast-paced tour of today's business frontier. Rich with examples drawn from a myriad of settings, every page forces the reader to ask "How can I use that?" Beware! This book will make you think!"

- **David Maister**, author, *Managing the Professional Service Firm*

"This is the most accessible introduction to the role of networks and networking I have yet seen. Ross Dawson speaks from his own experience in a language which will make it clear to managers what steps to take next. Networking with own staff, customers and professional peers is here to stay."

- **Napier Collyns**, co-founder, Global Business Network

"This is one of the most exciting books I've read in several years. Ross Dawson deftly examines the evolution of networks, organizations and strategy. He has more than succeeded in his intent, which is to produce a practical business book that shows business people how to leverage networks."

- **Melissie Rumizen**, author, *The Complete Idiot's Guide to Knowledge Management*

"The author has demonstrated that the success of his first book was no mere flash in the pan. His book is the one I would choose as a guide to understanding and action for the practical business person."

- **Bill Godfrey**, Editor, Change Management Monitor

## **About *Living Networks*: Anniversary Edition**

*Living Networks* is being relaunched in its Anniversary Edition five years after its original publication by Financial Times/ Prentice Hall in November 2002, to revisit the foundations of our networked age.

**Free chapter downloads of *Living Networks*:**

[www.livingnetworksbook.com](http://www.livingnetworksbook.com)

**Ross Dawson's *Trends in the Living Networks* blog:**

[www.rossdawsonblog.com](http://www.rossdawsonblog.com)

## **About Ross Dawson**

Ross Dawson is globally recognized as a leading authority on business strategy. He is CEO of international consulting firm Advanced Human Technologies, and Chairman of Future Exploration Network, a global strategy and events company. Ross is author of the Amazon.com bestseller *Developing Knowledge-Based Client Relationships*, and over 100 articles and white papers. Strong demand for Ross's expertise has seen him deliver keynote speeches on six continents and consult to leading organizations worldwide such as Ernst & Young, Microsoft, Macquarie Bank, Morgan Stanley, News Corporation, and Procter & Gamble. Ross's frequent media appearances include CNN, Bloomberg TV, SkyNews, ABC TV, Washington Post and many others.

## **Services to leverage the Living Networks**

### **Keynote speaking and executive workshops**

Ross Dawson speaks at conferences and corporate meetings worldwide and works with senior executives as a strategy leader and facilitator.

[www.rossdawson.com](http://www.rossdawson.com)

### **Advanced Human Technologies**

[www.ahtgroup.com](http://www.ahtgroup.com)

### **Organizational network analysis**

Use of sophisticated network approaches to enhance performance within organizations and in key business relationships.

### **Relationship leadership**

Support in building high-value client, supplier, and partner relationships, including implementing key relationship management structures.

### **Future Exploration Network**

[www.futureexploration.net](http://www.futureexploration.net)

### **Strategy consulting and scenario planning**

Helping clients to develop clear, actionable strategies in highly uncertain environments, using a variety of future and strategy techniques.

### **Research**

Deep research into technological, social, and business trends to support clients' strategic thinking and decisions.

# CHAPTER 10

## Liberating Individuals



### Network Strategy for Free Agents

As the rise of the connected economy blurs organizational boundaries, the individual is increasingly becoming the center of value creation. Workers—whether they are employed or free agents—must develop and implement effective career strategies. They need to position themselves effectively in the evolving networks, and ensure they extract value from the intellectual property they create.

Why is it that so many of the most savvy, connected people have at one time been journalists? Esther Dyson, one of the leading thinkers on emerging technologies, and a key participant in Internet policy, began her career as a fact-checker and then a reporter at Forbes magazine. After moving into technology research for investment banks, she bought a research company, renamed it EDventure, and reshaped it to suit her style.

As a researcher and writer, you get access to the top people in their fields, can learn immense amounts from them, and create lasting relationships, if you can impress people with your capabilities. Rather than building a large and complex empire, Dyson has focused her five-person company on three clearly-defined and deeply interrelated activities. She publishes a pricey monthly newsletter, Release 1.0, that provides commentary and analysis on emerging information technologies. Its influential role in the technology community helps to give her privileged access to the leading players. The company also runs the two annual must-attend conferences for the tech elite in the US and Europe respectively. This helps her extensive contacts to develop into a broad community, with herself at the center. Finally, she uses her unparalleled access to information and contacts—combined with her own insight—to invest in and help to manage start-up companies.

Your personal connections, and access to the flow of the best information and ideas, are at the heart of the value you can create. This is just as true whether you are employed, or work for yourself. Within organizations, your network both inside and outside the firm is the primary asset that enables you to work effectively. When companies collaborate, it comes about and is implemented through the connections between individuals. Free agents, that shape and forge their careers every day, depend entirely on their connections. In the networks, people are the most meaningful unit, not organizations. In this world, there are four drivers that are recreating how individuals build personal success.

- **Value is shifting to the knowledge worker.** When the hit TV program Friends was extended for a year, the six stars demanded—and received—a cool \$1 million each per episode. The talent took the bulk of the immense value of the series, and the producers had to be content with the leftovers. Top professionals, researchers, and creatives can earn a small fortune annually, and their job moves sometimes influence stock prices. The viability and success of every company, from start-up to multinational, depends on its ability to attract the best staff. Those people that are good know it, and are able to demand an increasing share of the pie. At the same time, companies are actively seeking to hire the very best people they can find as contractors and consultants, and don't mind paying the steep prices required. They recognize that the top people in their fields are increasingly likely to work for themselves rather than for large firms, and they are more than happy to deal with independents and networks of professionals.

- **Technology gives the means of production to creative and knowledge workers.** Before desktop publishing, personal printers, and the Internet, people needed to pay for expensive designers and printing equipment to publish a professional-looking document. Now anyone can create high-quality material sitting at home with an inexpensive computer. The ability of people with a reasonable digital home studio to create CD-quality music is transforming the industry. Anyone can research the catalog of all US patents from home for free. Powerful computers and software, combined with connectivity, mean that almost any creative or knowledge-based work can be done with minimal capital. Collaborating with anyone worldwide is a breeze. No longer do the people who are creating the most value in the economy rely on other people's capital to do their work.

- **The role of the individual is far more fluid and flexible.** In his best-selling paean to the independent worker, *Free Agent Nation*, Daniel Pink estimates that one in four American workers is a free agent.<sup>1</sup> This conservative estimate includes those freelancing, contracting, and running tiny businesses. At the same time, many of those classed as employees frequently work from home, on flexible hours, or on productivity-related pay. Individuals now have a wide range of choices in how they create value and relate to corporations. In turn, companies that want to attract the best workers are offering great flexibility in working conditions. Together, these allow fantastic scope for individuals to negotiate all the details of their working terms as well as pay, and create a world in which many of the best professionals choose to work independently.

- **Work flows through connectivity and exchanges.** Aim Technologies, a small New York Internet marketing firm, uses the online exchange eLance.com to bid for potential work, as a result gaining international clients and increasing its profits. eLance.com is the largest of a host of sites that have sprung up to match clients with freelance workers in fields such as IT, design, and writing. The fact that a remarkable 40% of its transactions occur across national borders is stark proof that the markets for professional work are already global. Matching freelance professionals with clients is proving a natural for online exchanges. Connectivity and technologies like peer-to-peer have also made it straightforward to run projects that seamlessly integrate internal and external workers. On most projects, no one can tell—or cares—whether a team member is employed by the firm or not. Independent workers can easily collaborate with colleagues to bid for and perform work that they couldn't do on their own.

Many of the opportunities for individuals resulting from these four key drivers are evident. Skilled and talented people now have far greater negotiating power with corporations. Often they can dictate terms, going beyond the ability to share fully in the value they are creating, to encompass every aspect of their employment conditions. Anyone involved in creating and marketing intellectual property can distribute directly to customers, often at no cost. Independent professionals can do high-value work, and team with others to compete effectively with large corporations. Their potential market has expanded to anyone, anywhere in the world.

But there are very real downsides too. When everyone in the world can bid for the same jobs as you, the competition is suddenly a whole lot tougher. Mark Fertig, a freelancer graphic designer and professor at James Madison University in Virginia, reports he's had to cut his prices to get work online.<sup>2</sup> Other seasoned professionals say they are finding themselves competing with prices that are so ridiculously low that they've given up bidding for work through Internet exchanges. The danger is that many knowledge workers will find themselves becoming commodities, increasingly competing with low-cost offshore professionals on price. The impact of globalization is rapidly moving beyond manufacturing to encompass professional work.

It's been clear for a long time that value is shifting from capital to knowledge. Read Tom Stewart's fine book *The Wealth of Knowledge* if you still need to be convinced on that score.<sup>3</sup> At the same time, more of the value in the economy is being taken by individuals rather than companies. More people are working for themselves, or extracting more of the value they create from the companies they work for. But it's not evenly distributed. The connected world is providing enormous opportunities for some, and major challenges for many others. Free agents must think and act strategically. They need to position themselves effectively in the networks, and develop strategies for profiting from the intellectual property they create.

## **Positioning in the networks**

The Emmy-award winning science fiction series *Babylon 5* has some of the most loyal fans in television. The program's producer, J. Michael Straczinski, almost universally known by his online tag JMS, has for years spent hours daily interacting with his fans in online communities, discussing and answering questions about the series' complex storyline. This began even before he had gained funding for the initial run, so in selling the series he was able to point to the lively online buzz. The wide network of fans then pressured local television stations to buy the program.<sup>4</sup>



Free agents exist through their connections, their presence in the networks. They must be connected to clients and potential clients, and almost always have to collaborate with others to create value. It is vital to participate in the flow of information and ideas, just as JMS has done. Many who leave companies to work for themselves suddenly realize how dependent they were on the contacts and information flows that came about in their daily work. They have to develop new networks in order to remain switched in to what's happening. For independent workers, effective positioning in the networks is what makes the difference. In a world in which individuals will be either commodities, or able to attract extraordinary rewards, three key actions will make the difference.

### **POSITIONING IN THE NETWORKS**

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1. Create and evolve a unique identity.
2. Build wide and deep connections.
3. Add value to communities.

**Table 10-1: Action steps to positioning in the networks.**

#### **1. Create and evolve a unique identity**

In the late 1970s a young Englishman secured a position on the faculty of Harvard Business School. David Maister, in exploring suitable topics to research, soon found himself focusing on professional service firms, in industries such as law, accounting, advertising, and consulting. Not only did these firms have interesting and unique dynamics, but somehow this important sector of the economy had been almost completely neglected by both academics and consultants. Then Maister made a scary commitment. He promised to the editor of *The American Lawyer* magazine that he would write an article every month for the next three years. This not only gave him an excellent profile in the industry, but forced him to structure his ideas and be extremely productive.

This provided an ideal launch pad for him to establish his own consulting business targeting professional service firms, a field with almost no competition at the time. Maister pulled together many of his best magazine articles into his first general business book, *Managing the Professional Service Firm*, in 1993.<sup>5</sup> He had literally written the book on this massive field, and now held an undisputed claim as the doyen of a large and underaddressed market. More recently professional services have started to attract the attention such a large and rapidly growing business sector deserves, but Maister had staked his claim early, and by continuing to publish regularly remains the master of his domain. He still spends all of his consulting time

on professional services, but his recent books, including *Practice What You Preach* and *First Among Equals*, have extended the scope of his work and recognition to a far broader audience.

Maister pulled off a masterly coup in spotting and successfully appropriating such a large and unserved market. Most of us won't discover and mine such large opportunities, but it is essential to create a clear specialization and unique identity. You want to position yourself so that it's impossible for your customers to go to an online exchange, find dozens or hundreds of people around the world who can do what they want, and select the lowest bid. This takes both creating a skill set that is neatly positioned in a gap in the market, and building a reputation for your work. Starting from a clear specialization is critical, but increasingly, multi-disciplinary skills hit the sweet spot. British lawyer and academic John Angel shifted over to run a software company, then consolidated his multiple expertise by taking a degree in information technology. Global leading law firm Clifford Chance, after hiring Angel as a consultant, asked him to work full-time to lead the development of their online services, after which he again became an external consultant, as part of his diverse portfolio of activities.

Having a media presence is increasingly important for success as an independent, and this almost always comes from having a unique identity or angle to present to reporters. Why should they contact you or listen to you if you appear the same as dozens of others? If you can identify a clear niche that suits your expertise, that's great. Otherwise, perhaps you can create it yourself. But it is critical not to drive yourself into a dead-end. You must consider how you can later shift to other directions. Many architects have found that their skills are very difficult to transfer to other fields. When I worked in Japan, I met many foreign "Japan experts" in their respective fields that did well for themselves, but found it very hard to do anything different when they wanted to move back home, or the flagging Japanese economy made things tough for them.

**Today, the greatest value is in being a connector. This requires both knowing a wide range of people, and actively bringing them together**

## 2. Build wide and deep connections

Finding a book agent is like finding a life partner. It's a close and highly trusting relationship that can indeed last a lifetime. When I was at the point in my career of needing a good agent, I sent one e-mail to one person in my network, asking for his suggestions. Napier Collyns immediately responded by introducing me to Henning Gutman, who is now my agent, and was instrumental in bringing this book to reality. During Collyns' early career with Royal Dutch/ Shell, he was part of the initial team that developed

scenario planning as a discipline, and subsequently worked in other parts of the oil industry, and as on the boards of many of the international chambers of commerce in New York. He was one of five founding members of Global Business Network (GBN), together with former colleagues like Peter Schwartz and Stewart Brand. GBN brings together a network of companies interested in using scenarios to explore their future and strategic directions, with a network of stimulating thinkers from science, business, art, and academia. Put together musician Peter Gabriel, biologist Lynn Margulis, science fiction writer William Gibson, economist David Hale and a few dozen of their peers, and some pretty good ideas are likely to emerge. Within the group, GBN is often jokingly referred to as “Global Buddies of Napier”, in respect for Collyns’ remarkable personal network.

In his bestseller *The Tipping Point*, Malcolm Gladwell identified three types of people who help the flow of ideas become epidemics: connectors, mavens, and salespeople.<sup>6</sup> Connectors connect people, mavens are sought for their expertise, and salespeople get people to buy their ideas. Each plays a vital role in the flow of information and ideas. Today, the greatest value is in being a connector. This requires both knowing a wide range of people, and actively bringing them together. In Chapter 1 you saw how a few people’s diverse connections can vastly shrink the networks, by acting as the bridge for people to establish contact. You must create value for others as a connector in order to take some value for yourself. Endeavor to make yourself a valued connector, and at the same time, build strong ties with the best connectors you know.

When independent workers risk becoming commodities, what makes the most difference is their personal connections. This is both with their clients, and at least as importantly, with the people they work with. Collaboration is essential. If you participate in a professional network, your work as part of a team can be worth far more than if you only work alone. As you saw in Chapter 9, networks of professionals can only function with a high level of trust. You will only be invited to join a high-value professional network on the basis of people’s direct experience of having worked with you. That is the only basis for the degree of trust that is required, when they are exposing their clients to others. One consultant I know is keen to create and participate in professional networks, but the people he works with soon realize he is only interested in getting more business for himself, and he ends up working alone. You need to create opportunities to demonstrate your trustworthiness. The guidelines in Chapter 4 for how to develop trust can be applied equally to companies and individuals.

### 3. Add value to communities

A book packager works for publishers, taking a basic idea and pulling together a ready-to-print manuscript. Michael Cader had worked independently in this role for twelve years, when in 2000 he wondered at the lack of good information for the New York publishing industry. He created a web page offering an insider's perspective on the industry, including news, deal reports, and personal commentary. This quickly shifted to become a daily e-mail newsletter, that Cader called PublishersLunch. With a circulation of over 10,000, the newsletter has attracted the attention of a large part of this tightly-knit community. Initially Cader used third-party sources to compile news of industry deals, but soon people started calling him directly with news. He then started running real lunch events with prominent industry speakers, providing opportunities for the trade to get together.

Cader kept experimenting, creating PublishersMarketplace, which allows industry participants to find each other and deals to get done, and a job board to post available positions to the community. Already getting paid advertising in the newsletter, at the 2002 BookExpo America convention Cader was sponsored by exhibitors to produce a daily report on happenings at the event. Next he wants to produce his own New York book fair. He has become at the center of information flow in the industry, and is still finding innovative ways both to add value to the publishing community, and benefit substantially himself through the network. Cader has chosen to focus on providing accessible, quality services rather than to maximize revenue, and not to use his newsletter to directly promote his core business of book packaging. However clearly his industry profile has increased immensely, it has opened up many new opportunities for him, and in the future his role in bringing greater transparency to the publishing industry could become his primary business.

One of the greatest boons of connectivity is the ability of communities of like-minded people to form and interact. However these communities rarely happen by themselves—they are created and remain vital from the energy of a few key people. If you create value for a community by bringing them together or actively contributing, you will also reap the rewards. In launching his newsletter and other initiatives, Cader has brought a community together, enabling the flow of information and connections, and creating opportunities for participants to interact and make deals. He has also made sure that he has gained significant tangible benefits from the venture, but even the early recognition from the daily effort and commitment of the newsletters made it worthwhile.

If there is a community that has not been provided with an opportunity to connect, create one. If there is already an existing group, you can contribute and add value in many ways. Bringing in new members is useful for them and everyone in the community. Sharing information and insights

establishes you as someone with expertise, and who people are willing to help. In many communities, those who are valued the most are often the ones who contribute links to useful information, rather than weighing in with heavy-handed opinions. You may help to promote the group to the media, get sponsors, or create ties with other communities with related interests. All of this takes effort and time, but the value you put into communities is almost always returned many times over. However it is critical to be selective. The energy and commitment required to add value to communities means you can only participate effectively in those that are most worthwhile.

As you've seen, the heart of free agent strategy in the networks is effective positioning, in order to differentiate yourself. The set of your connections defines your identity in the networks. You need to decide what you want those connections to be, and how to build them. The other key dimension is the shift of value in the economy to intellectual property. Individuals need to place a greater emphasis on creating and leveraging intellectual property, and the networks are changing the rules of how this is done.

## **Intellectual property strategy for free agents**

It's a pretty safe bet that you, my dear reader, participate in creating intellectual property. Or if not, you should, as this may well be where much of your future value lies. One aspect of this is creating content for publication. This content can be in the form of books, articles, reports, music, films, multimedia, software, processes, online learning packages, or any other of a multitude of ways to capture people's creativity and knowledge. The markets for all of these are opening up, as content embodies what is most valuable today, and in addition can now be readily distributed over the networks. Another key aspect of intellectual property is patents, those legally-protected inventions that are, in the end, the fruits of the imagination and research of individuals, not corporations.

**The most important strategic issue for content creators is choosing when to distribute direct, and when to go through publishers or distributors**

You have already seen that the relationship of the individual and the corporation is changing. This is absolutely the case in intellectual property. Ultimately it is people that generate ideas, yet often some of the resources required to generate protectable content and ideas come from corporations. In the past the vast bulk of the value went to corporations, but their dependence on the most talented people, and often on collaboration outside the firm, means that the landscape is shifting. Individuals—whether they are employees or independent—must make sure to appropriate their fair share of the value they create. There are three key elements to intellectual property strategy for free agents:

**INTELLECTUAL PROPERTY STRATEGY FOR FREE AGENTS**

1. Create career-long content distribution strategies.
2. Develop collaboration and protection policies.
3. Negotiate your share in value creation.

**Table 10-2: Action steps to intellectual property strategy for free agents.**

**1. Create career-long content distribution strategies**

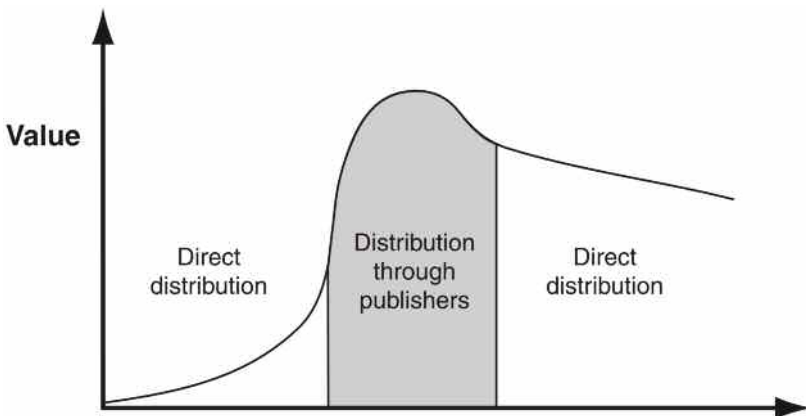
Upwardly mobile management guru Seth Godin, in his book *Unleashing the Ideavirus*, proposed turning around the usual book publishing approach of selling an expensive hardcover edition before releasing a paperback. The traditional model means that fewer people read the book initially, which means fewer tell their friends and contacts about it, and word spreads slowly. Why not make it as cheap as possible initially to allow interest to take off, and then sell more expensive versions for people that like something hefty on their bookshelves?<sup>7</sup> Godin practiced what he preached, making the entire book available for free download on his website, and at the same time selling it in hardcover at a premium price of \$40. The reality is that many potential customers weren't interested in reading the book on a screen or a print-out, and didn't care too much about the price, so word spread like wildfire, the physical book actually sold fairly well, and Godin could rake up most of the profits by bypassing the large publishing houses. Not only that, but the major positive impact on his reputation through the widespread distribution of his book and his radical approach meant he could command a significantly better advance when he returned to work with a traditional publisher for his following book.

Until recently, self-publishing was often rightly called vanity publishing—it was about spending money to look good. Connectivity is rapidly changing the situation. You can now distribute content directly online, and often fairly easily access major distributors. As such, the most important strategic issue for content creators is choosing when to distribute direct, and when to go through publishers or distributors. This is largely an issue of managing your creative lifecycle, using publishers for the specific value they can offer, and distributing direct the rest of the time, either to gain awareness or take a larger share of the rewards.

A publisher can offer three main things: credibility, broad distribution, and risk transfer. Whether you're a writer, musician, or software coder, having your work distributed by a major firm is an important seal of approval. It's possible to do well working solo, but it's far easier when you're backed by

a recognized name. In addition, major firms can always access better distribution possibilities than an individual can. If you distribute direct, you may get all the profits, but at the same time you take all the risk. Any worthwhile publisher commits capital to creating and promoting its products, and often offers a non-refundable advance payment to the content creator. The major downside of working with a publisher is that in return for its credibility, distribution, and taking on the risk, it takes the majority of the rewards.

The most basic career strategy for content creators is quite simple. In the early stages, use the free flow of the networks to distribute direct, demonstrate that you can tap an attractive market, and attract the interest of a publisher. New York reggae and ska band The Piffers sold 10,000 CDs at its concerts and on its website, using the leverage to secure a favorable record deal with Universal Music Group.<sup>8</sup> Many others have signed contracts with record labels on the basis of the success of their freely distributed MP3s. In the next stage, you work with the publishers for as long as it is worthwhile, getting them to take much of the risk, and commit capital to advances and promotion. Finally, hopefully with reputation well established, you can once again distribute direct, taking all the profits. Many rock stars later in their career, like David Bowie, Todd Rundgren, or the estate of Frank Zappa, sell directly to their fans. Scott Adams, the creator of the Dilbert cartoon, chose to publish his first non-Dilbert book, *God's Debris*, directly as an ebook, later also selling a hardcopy version.<sup>9</sup> He had full creative control, and could reap all the profits. This generic creative career strategy is illustrated in Figure 10-1.



**Figure 10-1: The basic creative career strategy in the networks**

It's increasingly easy to self-publish, even when you have a physical product, and want to access major distributors rather than just selling through your own website. However it is essential to get a barcode on your product. It's not overly expensive to get an ISBN barcode in the case of a

book, or a UPC (Universal Product Code) for CDs, videos, or other goods. Alternatively, companies sometimes offer to act as a bare-bones distributor, simply allocating a UPC and putting the product in their catalog for retailers. By offering this service, record label The Orchard has made it extremely easy for many bands to get wide distribution for their CDs, and broadened the range of music we all can access.

## **2. Develop collaboration and protection policies**

Successful science fiction writer Eric Flint believes that tighter regulation of copyright piracy damages social and political freedom. He also believes that providing books for free online promotes rather than detracts from sales of physical books, and has collaborated in setting up the Free Library, which provides access to free ebooks. Flint has researched the trends in sales of his books, and correlated these to when he released the books online. His research has led him to the conclusion that providing books online never adversely impacts sales of physical books, and often increases sales.<sup>10</sup> His personal intellectual property policy—based on both his beliefs and self-interest—is to earn his income by publishing paper books, and at the same time provide them for free download.

Individuals have an increasingly broad array of options available in how they protect and share their intellectual property. Your personal beliefs about both how intellectual property should be protected, and how it can benefit you, will help to determine the policies you adopt. The open source software movement, as discussed in Chapter 5, opened up new ways of participating in developing intellectual property. No-one made revenue directly from their input, but many benefited in other ways, for example through gaining valued skills, enhancing their reputation, or providing services associated with the software.

We all now have far greater flexibility in how we choose to protect or make available our intellectual property. As you saw in Chapter 5, Creative Commons gives people free access to customizable intellectual property licenses. This means you can establish and implement specific policies on how you make your intellectual property available. The scheme may contribute to individuals working collaboratively becoming a far stronger economic force.

## **3. Negotiate your share in value creation**

Shuji Nakamura developed the blue light emitting diode (LED) that is used in, among other common applications, CD players and computer displays. His employer, Nichia Corporation, reportedly paid him the standard fee of 20,000 yen (around \$150) for his patent, and went on to reap well over \$1 billion in sales for products based on his inventions. For some reason feeling hard done by, Nakamura left to become a professor at University of California at Santa Barbara, and is now suing Nichia for 2 billion yen, and 80% ownership of the key patent.<sup>11</sup>



If you are employed, I hope you read your employment contract closely before you signed it. Many contracts contain clauses assigning to the company the ownership of all intellectual property developed while employed, or even for a period after employment ends. Sometimes, for example for high-level research positions, the contract also specifies how the employee will be compensated if inventions are commercialized, and these days they are usually a little more generous than Nichia Corp.

One way to protect your intellectual property rights as an employee is, when starting, to provide a written list of ideas or inventions you have already developed. This will exclude these from the contract. Depending on the state or country that you work in, you may be able to claim rights to intellectual property that you've developed entirely with your own time and resources. This means no phone calls, no photocopies, no e-mails at work; any of these can jeopardize your rights to your ideas. You must be careful about your employer's potential claims to your ideas, unless they are the best ones to commercialize them and let you share in the benefits. In many cases, firms never develop the ideas they get from their employees.

Free agents working to develop intellectual property with others need to be very careful in negotiating their share of the value created. In some cases they will only be able to get a working salary; in others they may be able to get a share of any resulting licensing revenues. These terms must be established upfront. Maintaining flexibility is critical in negotiating contracts. One overseas software developer was pleased to secure a distribution agreement with a US company, but after the software package became a hit on its own merits, the developer discovered that the contract was essentially for life. The firm couldn't renegotiate terms, despite the distributor taking the bulk of profits and doing very little to earn it. In the music industry, multi-album contracts are standard practice, which means that if an artist does extremely well, he or she will still be rewarded in the same way as an aspiring novice. Avoid locking yourself into long-term, inflexible agreements. When you gain bargaining power, you want to be in a position to use it.

Intellectual property is just one aspect of how the networks are dramatically changing everyone's career outlook. The most important outcome of massive connectivity is that people are at the heart of the networks rather than corporations, and as a corollary, value is shifting to the individual. This doesn't necessarily mean that things will become easy for all. The global competition of a networked world may make things very tough for many, as we will explore further in the postscript to this book. However those that position their careers so they participate fully in the networks will not only create wealth for themselves, but also find the joy of collaborating and creating with the most talented people, all around the world.

## **Vital Connections: Chapter 10**

In this chapter, we have seen that individuals as well as companies need to develop strategies for success in the networks. The connected economy has been largely responsible for the recent rapid rise of free agents, but it also creates challenges. Independent workers have to position themselves effectively, and create their own intellectual property strategies. In Chapter 5 you saw how intellectual property is changing, and in Chapter 9 you discovered the shift to professional networks. This chapter has described the other side of the picture, the perspective of the individual on these vital issues.

This brings to a conclusion our examination of the living networks today, how organizations and strategy are evolving, and what actions to take for success. We will conclude with a postscript, which offers 10 key insights into the future of the networks, and thus of all business.