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# Getting **Results** From Crowds

Second edition



The definitive guide to using crowdsourcing to grow  
your business

**Ross Dawson**

**Steve Bynghall**

# Build your business by tapping one of the most powerful trends in business today: Crowdsourcing

*Getting Results From Crowds* provides practical, pragmatic, clear guidance on how you can draw on the power of crowds to grow your business. Filled with real-life case studies and useful examples, it gives you everything you need to know to create success in a world where talent can be anywhere.

## What business leaders are saying:

“ Ross Dawson and Steve Bynghall have masterfully delivered a comprehensive and strategically pragmatic guide to crowdsourcing. Each chapter elegantly lays out a key concept and then provides practical advice. This is the must read bible for effective crowdsourcing. ”

**R “Ray” Wang**, Principal Analyst & CEO, Constellation Research

“ Ross’s latest book is a fantastic guide for businesses looking to access skills and drive innovation through crowdsourcing. I highly recommend it. ”

**Peter Williams**, CEO, Deloitte Digital

“ Ross Dawson, the “crowd king”, provides with *Getting Results from Crowds* a comprehensive and up to date review of how to make crowds work for you! ”

**Matt Barrie**, CEO, Freelancer.com

“ This is the smartest, most practical overview of crowdsourcing I’ve seen (and I think I’ve seen them all). ”

**Lukas Biewald**, CEO, CrowdFlower

“ To make the most of the different crowdsourcing options available for your business grab a copy of *Getting Results from Crowds* — it will pay for itself many times over! ”

**Mark Harbottle**, Founder, 99designs.com

For more detailed analysis, the latest insights, and to contribute to the second edition, go to the book website:

**[www.resultsfromcrowds.com](http://www.resultsfromcrowds.com)**

214 pages

\$25.00

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# Crowdsourcing for enterprise and growth

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“ *The ultimate value of an internal crowdsourcing initiative will be the creation of a collaborative culture that champions fresh ideas and mirrors the community-centric nature of the Internet at large. And that will enable the organization to channel the creativity of its employees and attract the best talent of the 21st century.*

**PwC report:** Harnessing the Power of Crowdsourcing ”

Crowdsourcing is becoming a fundamental enabler for many successful companies. However there can be major differences in the applications and success factors of crowdsourcing between large organizations and smaller growth companies. There are a range of important ways in which enterprises can complement their existing capabilities using crowds. For entrepreneurial organizations, crowdsourcing can be central to their operations and execution.

## Chapter overview

- The primary applications of crowdsourcing differ substantially between large enterprise and smaller growth companies.
- The main domains for crowdsourcing in the enterprise are innovation, marketing, processes, internal crowds, and business models.
- Specific issues for successful crowdsourcing in large organizations include culture and adoption, and governance.
- The most common applications of crowdsourcing in growth companies include software development, design, online promotion, and virtual assistants.
- Distinct issues that need to be addressed in entrepreneurial organizations include defining core capabilities, and culture.

## Using crowds in big business and small business

Over the last decade, crowdsourcing has had a substantial impact on how business is conducted across companies large and small. However how crowdsourcing is used differs significantly depending on the size and positioning of the company.

Over the last few years, in general smaller and growth-oriented organizations have experienced a broader uptake of the use of crowds than large organization. This has been due both to the more pointed opportunity for resource-constrained organizations to tap external capabilities, as well as the speed and ease with which smaller companies can change if their leaders understand the opportunities.

The use of crowds has the potential to significantly impact how large organizations work. For now this has tended to be focused on specific applications for crowds such as innovation and marketing. Over coming years the use of crowds could in fact transform the structure and underlying business models of more forward-looking enterprises.

In this chapter we examine the differing priorities and issues for large enterprise and smaller growth organizations.

## Crowdsourcing for enterprise

Large organizations tend to have grown built on the premise that their core talent is internal, which has constrained their inclination and openness to tapping external talent. However the emergence of a highly interconnected economy over the last two decades has led many organizations to develop rich external networks and shift their attitudes to value creation.

It is certainly more challenging for large organizations to adopt crowdsourcing, given the scope of shifts to existing processes, the response from staff, and perceived risks from external engagement. However the extremely high potential value of tapping external talent means that a substantial and increasing proportion of enterprises are now engaging in a variety of ways with crowdsourcing.

There are five dominant applications for crowds in large organizations.

### 1 Innovation

The most prominent early examples of large companies tapping crowds have been in distributed innovation, often described as 'open innovation'. Procter & Gamble, IBM, Eli Lilly, and Boeing are some of the companies that for over a decade have been tapping large numbers of external scientists and

researchers to drive their new product and innovation pipelines. These have included both internally driven initiatives such as Procter & Gamble's R&D Connect program or IBM's alphaWorks, and developing and using industry platforms such as Innocentive.

Public competitions in which significant prizes are offered have long been part of the business landscape. Increasingly these will shift onto competition platforms to become part of a broader landscape of competitions to drive business value.

Customer feedback and ideas to drive product development have moved to the mainstream. While the intent is often significantly one of customer engagement, customers are increasingly seen as a primary source of innovation, idea development, and concept testing. An increasing variety of mechanisms are being used to bring in diverse external perspectives to innovation and product development.

For more on using crowds for innovation see Chapter 22.

### 2 Marketing and customer engagement

Marketing is one of the most prominent applications of crowds, particularly in large organizations. The immediate use of crowds in the marketing function is most often seen to be around content creation and other ways of enhancing current functions. However more companies are recognizing that one of the best ways of driving customer engagement is to involve customers and the broader community in brand and marketing activities.

For more on using crowds for marketing see Chapter 6.

### 3 Processes

There are two major opportunities in applying crowds to processes. The first is in shifting existing processes to crowd-based structures. The second is in identifying value-creating processes that may previously not have been viable using internal resources. However there are significant challenges in implementing processes based on crowds.

Crowdsourcing aggregators, as described in Chapter 23, are often ideal for large organizations, as they usually include the associated professional services needed to design and run larger crowd tasks. More generally the use of microtasks is rapidly rising as a way to contain costs and expand capabilities across a variety of arenas.

In addition, an increasing number of big companies are now using service marketplaces to perform specific classes of activities and tasks. This is usually done in a less structured way than the use of microtask workers, by giving discretion to some staff to use external talent within defined parameters.

For more on using crowds for processes see in particular Chapters 17, 18, and 23.

#### 4 Internal crowds

Companies with a large number of employees have the opportunity to consider their staff members as a crowd. This is valuable in finding ways of tapping employees' capabilities beyond their core roles. Most often this is for innovation and marketing, however there are many other applications.

Idea platforms that help to identify, filter, and action ideas from within and sometimes beyond an organization's employees have been used for well over a decade, however are gradually becoming more commonplace. Alongside these, prediction markets are well-suited to use within large companies as they need a significant minimum threshold of participation to achieve meaningful results.

Just as tapping external crowds can be very valuable for customer engagement, the use of internal crowds, done well, can have a very positive impact on staff engagement.

For more on aspects of using internal crowds see in particular Chapter 22.

#### 5 Business models

While crowds are becoming an important aspect of the business models of many organizations, this applies differently in large and entrepreneurial organizations. While newer organizations can design their business model around crowds from the outset, established companies usually are looking to complement their existing core business models, or in some cases to evolve them into new models more relevant for a changing environment.

Large companies that have existing strategy processes often find it valuable to bring perspectives on crowd business models into their strategic planning.

For more on crowd business models see Chapter 25.

## Specific issues in using crowds in enterprise

At a detail level, the success factors for using crowds are similar irrespective of the size of the organization. However there are some issues that are specifically relevant to large companies.

### Culture and adoption

Large enterprise cultures are rarely open to the use of external crowds. As described in Chapter 9, a clear program that fits with existing culture change initiatives needs to be put in place. Issues around adoption will vary depending on the context and the type of crowdsourcing performed, shaping relevant initiatives.

### Governance

For larger organizations governance issues need to be addressed, as there can be concerns on multiple issues including quality, capabilities, and intellectual property. Ross Dawson, co-author of this book, has addressed in his book *Implementing Enterprise 2.0* and other publications the concept of "governance for transformation," in which governance must be designed and implemented so as to enable organizational transformation, as well as contain risks.

## Crowdsourcing for entrepreneurial and growth business

The use of crowds by small and growing businesses is quite distinct from that by large organizations. While larger organizations in general use crowds to extend their existing capabilities, smaller organizations often use crowds for what would previously have been considered to be core functions. The issue of what functions should be done internally and externally is even more pointed than for large firms.

Creative individuals and groups in domains such as film, music, and design usually have significant financial constraints, though also often have access to broad communities, sometimes of keen fans. This supports both crowdsourcing the creative process, as well as the use of crowdfunding, which to date has been largely of creative ventures.

Service marketplaces and competition platforms are the two types of crowdsourcing most used by small and mid-sized business. There are minimal barriers to using these services, with immediate benefits in terms of broadening access to providers and achieving competitive costs.

Moving forward, it is likely that small and mid-sized businesses will start to use other types of crowdsourcing to a greater degree, supported by the emergence of platforms designed for that market. Microtasks and distributed innovation are both areas likely to experience strong growth in the smaller business market.

The very nature of smaller organizations creates many opportunities for the use of crowds. Below are some of the more prominent ones.

### 1 Software and web development

For companies where software is at the heart of their offering, crowds are becoming increasingly central to the way work is performed. Software architecture and project management are almost always maintained as core functions, however the development can be outsourced to individuals or teams. In other cases it is possible to use more sophisticated competition structures for individual software modules, or in some cases higher-level functions.

Non-technology companies that require web development often use crowd-based development. However they may find it valuable to use local developers to help interpret their needs and in some cases manage the external work required.

### 2 Design and identity

Smaller organizations less commonly have dedicated designers on staff, so the use of external designers has become extremely common. Competition platforms are now commonly used for key design tasks such as logos, business cards, and brochures.

As with other functions, it is important to balance internal and external functions, with in the case of design significant value in establishing core design parameters that can be applied to external work.

### 3 Online promotion

As smaller and growth companies increasingly rely on online promotion, there are many ways in which crowds can play an important role. Content creation and social media is often partly or wholly delegated to external talent. Search Engine Optimization (SEO) and Search Engine Marketing (SEM) activities, which in the past have tended to have been done by agencies, are now often segmented into specific tasks that can be allocated to relevant workers. As discussed in Chapter 24, SEM has proven to be a task that can be effectively given to distributed experts.

### 4 Virtual assistants

The rise of virtual assistants has been a boon to many small businesses. Virtual assistants are sometimes freelancers who divide their time among local clients, or more often workers who service global clients. Depending

on their skill levels, they can free up company executives for more valuable tasks, or sometimes help to co-ordinate broader activities or other external workers.

The issues discussed in Chapter 8 on the importance of building strong, ongoing relationships are particularly important in the use of virtual assistants.

### 5 Processes

The limited resources of small and growth companies means that many processes need to be under consideration to be done externally. However the limited resources can by the same token sometimes make it harder to set up those processes externally. The quality control activities and structures that large organizations are able to establish can be prohibitive for smaller companies to set up. However when those processes, such as lead generation or database maintenance, are core to the organization's success then it is often worth making the investment to enable the efficient running of those processes by crowds.

### 6 Business models

While large organizations usually have established business models that can be challenging to evolve, smaller and growth companies have far greater flexibility and opportunity to build crowd business models from the outset. Chapter 25 provides a framework for designing and implementing business models based on crowds, which is particularly relevant for entrepreneurial organizations.

## Specific issues in using crowds in growth companies

There are some specific factors at play that need to be considered by smaller and entrepreneurial companies in how they use crowds.

### Core capabilities

It is far easier for a small or growth company than an enterprise to have a significant or even dominant proportion of its activities performed outside the organization. Many companies are now stretching the boundaries of what can be done externally. As such it is particularly important to be careful of outsourcing too much.

Project supervision must be a core capability for almost all companies. This can include project management as it is traditionally understood, though it can be limited to working effectively with external project managers. In a related way, the ability to use crowds well is increasingly becoming a key success factor for growth businesses.

There are a variety of other specific decisions that need to be made on whether specific functions, such as design, product innovation, or marketing are core to the organization. The rise of crowds means that there is a far broader scope to the strategic decisions required by smaller organizations.

**Culture and attitudes**

In smaller organizations business owners or leaders can readily drive change and adopt new ways of working, which makes the adoption of crowdsourcing easier. There is usually a willingness for a wide range of tasks to be done externally. It is usually quite clear that effective use of external talent will create faster growth and more opportunities for employees.