Using the crowd in enterprise

> "Organisations, by their very nature, are designed to promote order and routine; they are inhospitable environments for innovation."
>
> Theodore Levitt [62]

How does the crowd deliver value?

The crowdsourcing ecosystem is still relatively young, but as new platforms and use-cases emerge, the potential for disruptive impact on the enterprise is significant. In shifting towards a more 'outside-in' approach to problem-solving, for example, crowdsourcing changes the way that businesses, public sector organisations and other enterprises create value. The size of a company, the number of employees, the tools and other intellectual property developed, or the exclusive agreements a company has with partners in its supply chain no longer limit the capacity of any organisation to discover and apply knowledge. Instead, it is the greater access to knowledge the crowd provides and, in particular, the frictionless flows of diverse ideas enabled by crowdsourcing that now create value.

For businesses, the benefits of crowdsourcing can include:

- **Faster design** – in 2012, DARPA, the US Defence Advanced Research Projects Agency, decided to crowdsource its next-generation amphibious fighting vehicle after shutting down its traditional procurement, which had already cost taxpayers $13 billion.[63] The winning design was announced in April 2013, just six months after the competition was launched.[64]

- **Faster prototyping** – When small-scale prototyping matters, TechShop, a US-based chain of workshops described as an "inventor's playground", allows members of all skills levels to use its suite of modern industrial tools and machines, such as 3D printers and robots, to build their own projects quickly and cost-effectively.[65]

- **Higher quality** – Allstate, the second largest general insurer in the US, sponsored a competition in which the crowd created a liability prediction model that was 271 per cent more accurate than the original.[66]

- **Greater elasticity** – when consumer products change – as they do frequently, but also sporadically – CrowdSource uses the crowd to provide retailers with new product titles, descriptions and marketing copy, enabling the retailers to benefit from increased agility and a faster time to market.[67]

- **Appetite for tedious tasks** – TaskRabbit enables anyone to earn money by performing simple tasks or errands for customers who are time-poor or do not have the skills required for many types of task, such as assembling flat-packed furniture, moving house or decorating.[68]

- **Access to new pools of external talent** – SpringRole has been described as the "TaskRabbit of recruiting" by HR Tech Advisor.[69] SpringRole enables 'regular' people to make money for the simple task of referring their friends for job openings.

- **Better engagement and retention of internal talent** – Thomson Reuters uses crowdsourcing internally to tap into the skills of its 17,000 technologists, finding new problem solvers and breaking down department silos.[70]

In certain situations, crowdsourcing can also lead to lower costs. For example, Colgate Speed Stick used the crowd to create a Super Bowl advert for the bargain-basement price of $17,000, compared with the nine-figure sums usually associated with traditional agencies.[71] In general, crowdsourcing has forced down the costs of experimentation while simultaneously improving the quality of output. This has allowed all organisations, not just the largest corporations, to consider the benefits they can achieve from the crowd.

Don't get lost in the crowd

Crowdsourcing has broad implications for every organisation attempting to use its business model, and decision-makers face a complex array of risks and issues that, left unchecked, may prevent them from achieving the benefits they seek. Tinkering around the edges of your organisation to get ideas to flow is one thing but building crowdsourcing into core delivery activities to realise benefits at scale is not as straightforward as simply 'outsourcing' challenges to established crowdsourcing platforms.

Academics Eoin Whelan, Kieran Conby, *et al*, go so far as to suggest that, "the majority of the open innovation literature, across all fields of research, shows a bias towards its favourable aspects".[72] They suggest that a number of the inherent deficiencies of crowdsourcing also need to be brought to the attention of businesses. For example, there will always be aspects of business operations or governance too important or too risky to deliver using a faceless crowd. Moreover, simply handing off work to the crowd will not automatically lead to benefits. Instead, ensuring that ideas converge on an appropriate solution swiftly and cost-effectively means understanding how the crowd works and the steps that need to be taken to set up and manage its activities, and to integrate its outputs. In the same way that managing an offshore team requires additional investment in management effort, so too does the crowd.

In Figure 4, we explore the key issues and questions that business leaders should be asking before committing to the crowd.

Although crowdsourcing is not the only answer, if it is planned, initiated, managed and integrated according to a defined strategy then it offers organisations a relatively easy way to experiment with new problem–solving approaches, to design and develop new product prototypes, to make new connections and to develop talent – and to scale what works.

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Figure 4. Key issues and questions

Issue	What's the problem?	Key questions to ask	Suggested approaches
Lack of understanding or conceptual clarity about crowdsourcing	• The crowdsourcing concept is not clearly communicated or understandable; there's a lack of consensus on what the term refers to • Limited applicability of the crowd, and knowing when it is the right approach • Finding the right platform and partner	• Where could crowdsourcing provide the greatest benefits to my business? For example in innovation, access to talent or process/task completion. • Is crowdsourcing right for my organisation? And, if so, what is the business case? • Where would there be too much risk associated with crowdsourcing? • With whom do I interact within my organisation to collaborate and deliver? • What are my competitors and peers doing with the crowd? What problems or opportunities do we share? • Can we use crowdsourcing to leapfrog our competitors or to steal a march in a new market?	• Identify a champion in your business to whom you can turn for expert advice and insight • Assess whether you need to appoint a senior business owner, and if crowdsourcing fits with your existing plans for alternative delivery models • Ensure that you engage the right crowd for your type of problem • Develop a clear, concise and coherent strategy for using crowdsourcing in your business
Ensuring good quality of submissions from the crowd	• Ensuring a good quality of submissions • Minimising any additional effort associated with managing the crowd or platform provider	• Are my requirements well defined? • Do we understand how the ideas and solutions generated by the crowd will be integrated with our existing products and operations? • Can the tasks or activities be easily broken down into their component parts? • Can we provide continuity between crowd and in-house teams? For example, do we know how to reassemble solutions for component parts, and do we have the right people to do this? • Are there other crowdsourcing projects from which I can draw lessons? • How do I ensure responsibility for and buy-in to products created by the crowd? Who will manage these once integrated into our organisation?	• Ensure that the context in which the crowdsourcing project sits is well understood by all internal parties as well as the crowd • Aim for a balance in the scope of work between open activities (those that require submission of a number of diverse ideas) and closed tasks (those that focus on just getting a simple job done)
Difficulties associated with outsourcing to the crowd in traditional 'line' organisations	• Working with the crowd requires a different, more open approach compared to more traditional delivery methods • Governance processes are set up to deal with classic rather than agile development methodologies • Wholesale changes to business processes and assessment of risk are difficult, if not impossible	• What and where are the bottlenecks in our business that would prevent or inhibit crowd-based approaches? • Where does good practice exist already in our organisation? • What will be the impact of crowdsourcing on our legacy approaches and systems?	• Focus internal teams on the bigger picture – not just on the crowdsourced task – and make them responsible for and empowered to deliver the integrated solution • Identify 'pilot' activities at the edge of the business that can be used as a testbed for crowd-based development approaches, and also to test risk issues and appetite • Follow-up pilots with new projects and activities to cement new ways of working • Look for examples of best agile practice in your business, and bring 'edge-leaders' into the core • Engage early with operations, risk and legal

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Challenges to talent and organisational culture	• Permanent employees feel threatened when activities are outsourced to the crowd • The organisation feels like it is losing control and ownership of the solutions it delivers • Ability to scale up and down resource as demand varies • Difficulty in attracting the right talent quickly enough to solve my problems	• Who in my organisation will be most affected by crowdsourcing and are they supportive? • Do I understand where the crowd is better-placed to answer questions than my permanent staff? • How can (and should) I enable my employees to engage as part of the crowd? • Where can the crowd be used best to enable my employees to spend more time on their highest value activities? • How do the projects fit with our strategy? What other impacts will there be on our organisational structure and talent?	• Identify clearly the boundaries between 'business-as-usual' projects and crowd projects • Encourage employees to participate in the crowd to develop new skills and experience – but set reasonable limits • Encourage employees to collaborate and work across organisational boundaries – exploiting synergies and different ways of thinking • Identify similar historical projects hosted by crowdsourcing platforms and encourage employees to attempt these challenges and learn from them
Keeping hold of confidential information and intellectual property, and additional risks associated with using the crowd	• The creation of work products by the crowd could lead to intellectual property infringement and reuse risks • Crowd members are strangers to the organisation, and have not necessarily gone through the same rigorous recruitment process • Misuse and leakage of data is an increasingly large risk given the increasing volumes of data being used, produced and stored by the crowd and crowdsourcing platforms	• Have we identified the potential risks, and do we have a plan to mitigate them? • Have we made security and privacy a priority? • Do we control or understand all of the assets that the crowd will use in generating their ideas and solutions? Who has access to these? • Do we understand the standard terms and conditions of the contract with the crowdsourcing platform provider? • Have we thought about what our customers think about our use of the crowd and how are we engaging them?	• Before sending data to the crowd, work to anonymise or obfuscate data appropriately • Break down problems into smaller, discrete components to ensure they are tackled systematically and carefully – then integrate the solutions • Draft a risk register and clear project plan

Source: Deloitte