

profit. The iPod—the subject of Christensen’s criticism in the *Businessweek* piece—represented a huge risk on a relatively low-cost product for a company whose previous business involved selling \$2,000+ computers. The iPod was, to some extent, disrupted by the iPhone, which threatened to cannibalize the market for the music players by integrating iTunes into the phone. And the iPad, as analysts have noted, is likely to cannibalize the laptop market, drawing people who don’t want the full capabilities a traditional laptop offers—including Apple’s market-leading MacBook. “The tablet computer,” Christensen says in a more recent article, “is going to do to the PC what the PC did to the minicomputer.” Apple will be at the forefront of that revolution, looking ahead to the next innovation even as it guts the market for its own core products, although this time, the company will have to find its way without Jobs’s guidance.

Reviews

The Social Organization: How to Use Social Media to Tap the Collective Genius of Your Customers and Employees

Anthony J. Bradley and Mark P. McDonald (Boston, MA: Harvard Business Press, 2011)

According to a recent McKinsey Quarterly report,² a different class of company is now emerging, one that uses social collaboration and its attendant technologies to drive measurable increases in productivity and gains in market share. One of the advantages of these “networked enterprises” is the power of social collaboration to transform companies into resilient “learning organizations” that can apply learning acquired in interactions with one set of stakeholders to interactions with others, improving the value chain.

² Bughin, J., and Chui, M. 2010. The rise of the networked enterprise: Web 2.0 finds its payday. *McKinsey Quarterly*, December. http://www.mckinseyquarterly.com/High_Tech/The_rise_of_the_networked_enterprise_Web_20_finds_its_payday_2716?pagenum=1 (accessed October 29, 2011).

For the authors of *The Social Organization*, this reinforces the idea that the value in becoming a social organization is no longer notional or even mildly theoretical; fully networked organizations capture competitive advantage. Anthony J. Bradley and Mark P. McDonald explore and unpack the formula for increasing an organization’s capacity, capabilities, and productivity through interacting with its greatest asset—its people. At the heart of this book is the assumption, quietly stated, that all organizations contain myriad latent social networks, relationships, and communities, some lying inside the organization and others external to it, some formal and others more loosely affiliated. Most organizations allow these relationships and communities to remain latent, their power dormant. By contrast, the “social organization” described by the authors engages and mobilizes community at all levels and locations, both virtual and physical, to increase the value of the organization. This engagement is transformative, creating a new organism, the social enterprise, which is both resilient and powerful.

The Promise of Social Organizations

A social organization, according to Bradley and McDonald, is one that “strategically applies mass collaboration to address significant business challenges and opportunities. An organization becomes a social organization when it discovers the power of mass collaboration and develops the necessary corporate skills to address challenges by readily and repeatedly creating collaborative communities.” A social organization is agile, flexible, deft, and as a result it produces better outcomes and develops entirely new ways of operating, achievable only through mobilization of the collective talent, energy, ideas, and efforts of its various communities. In a social organization, employees, customers, suppliers, and other stakeholders participate directly in the creation of value.

While the robust use of social media is necessary to the organization’s ability to increase its capacity, social media use is not by itself sufficient to transform an

organization into a learning organization. Community and purpose must also be present. A collaborative community channels the direction change will take through transparent feedback and evaluation. This cycle has multiple iterations, driving the practice of what Chris Argyris, a leader in organizational theory, calls “double loop” learning. Double loop learning usually involves the modification of an organization’s underlying norms, policies, and objectives, and in the end, contributes to the organization’s resilience and ability to grow and extend its capacity.

Becoming A Social Organization

Characterized by double loop learning, a social organization undergoes iterative cycles of developing a strategy, adapting the organization, and implementing its vision. The mantra Bradley and McDonald drive home is that this is a very purposeful and deliberate process: *launch* the community, *guide* the community, *adapt* the organizational context to support mass collaboration. Throughout the process, it is essential to foster organizational changes that facilitate the work of collaborative communities and ensure transparency. Companies must continually assess risks as they empower community collaboration.

Organizations on the path to becoming social organizations fail because they focus exclusively on social media as *technologies*, rather than as important tools for implementing the company’s organizational strategy. Social media tools must be tied to existing systems governing communication, collaboration, and knowledge management. At all times, leadership must work to engage the community. Throughout this process, the role of management is to guide from the middle, deliberately discarding the traditional command-and-control model. At every step of the process of transforming an organization into a social enterprise, management must make the organization safe for collaboration.

Successful organizations will deliberately transform themselves into collaborative communities. With enough mass and momentum, Bradley and McDonald assert, these communities will develop

into “social unions able to exert enormous influence on organizations, governments, society and the world.” Are you prepared for these social unions? This is the core challenge put to corporate America by the authors. In the world of the future, “social swarms” will form quickly around “some ephemeral concern” and then dissipate with little trace. “You will have to be fast to respond to swarms,” the authors note, and they may make or break your new product launch, decide a local election, or kill pending legislation. Social organizations with mass collaboration as an integral part of their culture will not only value social swarms but will also have experienced them within and outside their organizations. They won’t fear swarms. In many cases, they will *create* the swarms.

The future will be an age of mass collaboration and transparency. Will you be a social organization? The authors’ conclusion is that in the next ten years, your organization’s ability to evolve into a social organization may determine whether it thrives, survives, or disappears.

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Next Generation Business Strategies for the Base of the Pyramid: New Approaches for Building Mutual Value

Ted London and Stuart L. Hart (Upper Saddle River, NJ: FT Press, 2010)

The late C. K. Prahalad, in his pioneering 2002 book *The Fortune at the Bottom of the Pyramid: Eradicating Poverty through Profits* (co-authored with Stuart L. Hart), argues that serving consumers at the bottom of the pyramid requires different strategies, not just to exploit a market but to build new and profitable markets. *Next Generation Business Strategies* builds on Prahalad’s work by offering business strategies to complement the innovation strategies discussed by Prahalad. In seven chapters organized around three themes—roadmaps for success, strategic opportunities, and effective implementation—a series of authors offer strategic approaches for serving the 80 percent of the world’s

population that lives at the bottom of the pyramid.

In the introduction, editors Ted London and Stuart Hart discuss the characteristics of business strategies for the bottom of the pyramid (BoP); successful BoP ventures, they note, straddle formal and informal economies and cross traditional industry boundaries to reach the heterogeneous groups that comprise the BoP. That discussion provides a solid base for the chapters to follow.

The first two chapters focus on approaches to understanding BoP markets. In Chapter 1, “Building Better Ventures with the Base of the Pyramid: A Roadmap,” Ted London argues that the approach to creating markets for the BoP must be different because markets don’t exist in an organized manner and BoP consumers have different needs and mindsets than those in developed economies. In this context, London suggests, a business strategy based on mutual value creation offers the best prospect for generating economically viable enterprises that also enhance quality of life; he offers seven core principles for reaching this goal.

Next, in “Innovation at the BoP: The Patient Capital Approach,” Robert Kennedy and Jacqueline Novogratz elaborate on the debate around “markets versus development assistance” and note that neither of those approaches has been very effective. The over two billion people living on less than \$2 per day are saddled with poor infrastructure, corruption, low purchasing power, lack of equity capital, and unaddressed basic needs (such as for clean water, sanitation, and transportation). The answer to some of these ills, according to Kennedy and Novogratz, is patient capital—investment that is expected to generate returns over a long period of time as opposed to the fairly short horizon of traditional venture investing. The authors describe how patient capital funds are creating and supporting an economic ecosystem for BoP ventures to thrive in high-need areas such as maternal health care, village-level sanitation and clean-water solutions, low-cost green lighting, and others.

The next three chapters discuss the range of strategic opportunities available

in BoP markets and offer guidelines for approaching them. Stuart Hart, in Chapter 3 (“Taking the Green Leap to the Base of the Pyramid”), describes the challenge and the opportunity offered by the environmental challenges inherent in the rise of developing economies. Erik Simanis’s discussion in Chapter 4, “Needs, Needs Everywhere, But No BoP Market to Tap,” suggests that turning the economic potential of the BoP into bankable returns requires approaching the market with a “value open” stance, which allows consumers to determine the value proposition on their own terms based on their personal experiences. And, in Chapter 5, “A Microlevel Approach to Understanding BoP Marketplaces,” Madhu Viswanathan provides microlevel, bottom-up insights on the challenges faced by BoP consumers and an approach to designing solutions for those contexts. The continual trade-offs between conflicting priorities in which poor people continually engage—for instance, between health care for a family member and education for a child—blurs the boundaries between human and economic issues and shapes the mindsets and buying habits of those living at the bottom of the pyramid. Viswanathan argues that BoP entrepreneurs must understand that social and economic context.

The final two chapters of the book offer approaches to implementing BoP-specific business strategies. In Chapter 6, “Reframing Design for the Base of the Pyramid,” Patrick Whitney discusses the importance of design in BoP products. Strong design aimed at BoP consumers’ needs, Whitney argues, can mitigate the uncertainty around what to make, provided it is undertaken in the context of a firm understanding of the needs, perceptions, and contexts of BoP consumers. Whitney provides a framework for strategic design for the BoP, illustrating its use with the case of Chotukool, a refrigerator designed and developed in India for BoP consumers. Allen Hammond discusses “BoP Venture Formation for Scale” in Chapter 7, sharing two strategies for scaling up social ventures: creating both bottom-up (local) and top-down (global) enterprises to support