INSIDE:
Insights into
Obama's
Winning Online
Strategy!

33 Million People in the Room

How to Create, Influence,
and Run a Successful Business
with Social Networking

Juliette Powell

Forewords by Napier Collyns, Cofounder, Global
Business Network (GBN) and Jimmy Wales, Cofounder, Wikipedia

FOREWORD BY NAPIER COLLYNS

Things are happening so fast. When I was a boy, only a handful of privileged people had phones and cars. The hand-delivered telegram was the quickest way to reach someone. Handwritten letters were treasured and often kept in perpetuity. Business was transacted in the same way. Fifty years ago, we used telexes to communicate between London and New York; the trans-Atlantic phone was too expensive. A few years later, we began to use faxes. And then in the early eighties, as electronic communication via personal computers emerged in academia, we adapted it in Shell for business purposes. At the same time, Stewart Brand started the Whole Earth 'lectronic Link (WELL) to enable an emerging intellectual and cultural elite in the San Francisco Bay Area to communicate with each other, exchanging ideas, news, jokes, and personal aspirations. Stewart went on to help us found Global Business Network (GBN) in 1987 to enable business leaders to share their knowledge and ideas with the "remarkable people" we had chosen to form a visionary team of advisers across many disciplines. Before the Internet as we now know it got started, we were already communicating continuously through our private corner of the WELL. Increasingly businesses and governments began to use the new channels of communication for collaborative thinking, decision-making, and speed of action.

One day about four years ago, I received an e-mail from Juliette Powell asking to meet me. She had recently formed

The Gathering Think Tank with a group of young entrepreneurial leaders in technology, media, policy, art, science, innovation, and business. I told her about our aspirations in forming GBN—to bring together leaders of major corporations with prominent and exceptional thinkers, artists, and innovators who could share their knowledge and instincts about where the world was going and ways to respond. The idea was to create scenarios of the future that would help business leaders imagine different possibilities and share an intuitive sense of where things might be headed. Juliette and I were "e-introduced" through a mutual acquaintance who insisted that The Gathering Think Tank was the twenty-first century version of GBN and its "remarkable people." He went on to say that of all the founders of GBN she should meet me, because she was ostensibly "the next generation Napier Collyns"!

With Juliette's knowledge in media, new media, and technology and my experience of getting leaders to sit down and engage with the ideas of other people, we began to explore new ways of collaborating and doing business. So many new methods of exchanging information, ideas, and beliefs—both publicly and privately—had been developed through the proliferation of electronic communications that it was now possible to instantly share ideas with literally millions of people or just the few or the one you select. Juliette seemed to have all this in her head both from personal experience and from a kind of instinctual grasp!

That's why I wanted Juliette to write this book: To help people, old and young, to participate in this new business and learning opportunity. She started teaching my colleagues and me to take advantage of the new social networking tools, which have

helped us in our business as well in our personal lives. Now her book delivers those critical lessons to a much broader audience. Every single reader will learn something new, and each of us—from corporate executives to college graduates just starting their careers—will apply that knowledge in different ways. I am sure Juliette would be happy to coach any company that wants to dive deeper into this new world with greater confidence and craft and implement a tailor-made, winning social media strategy. As you read this book, you will see how these amazing new ways of social networking can lead you to more innovative and effective ways of doing business and staying connected.

Napier Collyns spent thirty years as an international energy executive. In 1987, he cofounded Global Business Network, now a member of Monitor Group, with Peter Schwartz, Stewart Brand, Jay Ogilvy, and Lawrence Wilkinson.

FOREWORD BY JIMMY WALES AND ANDREA WECKERLE

Wikipedia—a strange word no one had ever heard before it was coined in 2001. Today, less than eight years later, it is estimated that nearly one billion people have used the website. For many of them, Wikipedia has become a household word. Building a global brand like that, instantly recognizable by hundreds of millions of people, traditionally took decades and tens or hundreds of millions of dollars in marketing.

However, in creating and building Wikipedia into a household brand, the Wikimedia Foundation, the charity Jimmy founded to operate the project, spent nothing on marketing. Not one cent. Wikipedia essentially grew by word of mouth, as the excitement felt within the Wikipedia community spread one person at a time to bloggers and web masters, who in turn spread it to their readers, and their friends, and their mothers, and so on and on and on.

Using examples like this one and others featured in *33 Million People in the Room*, Juliette Powell explains how businesses, large and small, are using modern online tools to cut through the clutter and reach their audience in new ways. Powell outlines how the use of social networks will help readers expand their business, reduce risks, and reduce costs—whether they are entrepreneurs at a small business just starting out, the marketing manager for a stable business that is decades old, or the CEO of a Fortune 500 company doing something as high

tech as creating semiconductors, or as low tech as operating a corner wine shop.

In addition to discussing some of today's most useful social networking tools and explaining how they are relevant to different situations, she drives home the point that every individual has the ability to increase their *social capital*—the network of relationships and the resources available and accessible therein—and their *cultural capital*—the influence and corresponding advantages resulting from that person's knowledge, experience, and connections—which in turn have a positive effect on an individual's ability to increase his or her financial capital.

Amidst the tech and consumer examples she uses to illustrate her points, Powell also throws in bits of fascinating information such as the UCLA and Boradex study that discusses the correlation between a company's highly networked employees and the ability of that company to make better policy decisions and investments and therefore improve its bottom line.

Notably, some of the book's most historically interesting sections involve recent United States politics. One recent example is Barack Obama's 2008 win of the U.S. Presidency, where Powell dissects Obama's internet campaign:

> *"The runaway success of Obama's internet campaign rests primarily on three key factors, first among them a significantly larger financial investment in the online arena than those of his opponents. Obama's campaign*

*spent 10 to 20 times more on banner ads and sponsored
links than his fellow candidates, running ads across
a wide array of sites ranging from large newspapers
like the Boston Globe to political blogs like Daily Kos
and the Drudge Report. The second key factor in the
campaign's success was its lack of direct, in-your-face
sales approaches. Clicking on an Obama banner ad led
users not to a donation page, but rather to a form where
they could sign up for campaign event invitations. Only
after submitting the form were visitors asked to make
a donation. By avoiding outright sales tactics, Obama
confirmed his sincerity and sent supporters a clear,
though unspoken, message: allegiance is more important
than money. The third factor of Obama's campaign, and
the one that would take his message from a core group of
ardently devoted followers and straight into the general
public, lay in his deep understanding of the online
world."*

The other is Al Gore's still controversial loss of the bid for
Presidency in 2000:

*"In the United States presidential election of 2000, Al
Gore won the popular vote but ultimately, thanks to
a decision handed down by the Supreme Court, lost
to Republican candidate George W. Bush. The defeat
was humiliating, but through it, Gore would learn
an invaluable lesson; one that would ultimately help
him to change the course of history. With the defeat of
Gore the politician, Gore the man could stop thinking
about how he was supposed to act and start just being*

himself…. Perhaps the real key to Gore's success in creating such widespread awareness [of global warming] was in a combination of his ability to passionately and convincingly communicate what he knew on the one hand, and on the other, in his shrewd ability to disseminate his message through his vast personal social network as well as to the multitudes of people who knew about him."

33 Million People in the Room is a slender book, but don't underestimate its importance just because it is less than 200 pages. Lots of business-type books are dry as a bone, but this one is engaging and fun to read. It can help you learn to do what Jimmy did with Wikipedia—for yourself, or for your business or charity. If you don't understand the social nature of the web and make use of it to be successful, your competitors most certainly will.

Jimmy Wales, Founder of Wikipedia and Andrea Weckerle, Communications Consultant & Entrepreneur
New York City, Autumn 2008

TWELVE MINUTES AND FORTY-EIGHT SECONDS WOULD DETERMINE WHETHER THE ENTIRE FRANCHISE WOULD MAKE IT OR GO BUST. FOR CHRIS ANDERSON, IT FELT A LITTLE LIKE WALKING INTO THE LION'S DEN.

CHAPTER 1

THE POWER OF SOCIAL NETWORKS

In February 2002, a collective of the world's top movers and shakers sat in the front row of the auditorium: Jeffrey Katzenberg, Quincy Jones, Art Buchwald, and Frank Gehry. A bevy of other noteworthy luminaries stirred in their seats with a mix of curiosity and anticipation as they awaited the opening address from Anderson, TED's new vanguard.

For 12 years, the Monterey Convention Center had been home to TED, the world-renowned conference known as a critical incubating cradle for developments ranging from the Macintosh computer to *Wired* magazine to the Human Genome Project. Media moguls, scientists, and entertainers sit, listen, and learn alongside Fortune 500 executives, venture capitalists, and Nobel prize-winning laureates, comparing notes during conversation breaks and returning to the auditorium to indulge in new sessions and new inspiring ideas. In many ways, TED is to technology what the Bohemian Club is to politics or what Studio 54 was to fashion and music in the 1970's. And, in that, TED is not unlike elite social networks as they have been throughout human history. Where else would Matt Groening, creator of *The Simpsons*, converse over coffee with Max Levchin, a founder of PayPal, and follow it up by chatting with Craig Venter, mapper of the human genome?

By the time Anderson reached center stage, the tension in the room was palpable. The soft-spoken British-born journalist and publisher represented a changing of the guard, a fresh start with new ownership and new ideas. For some, it felt like the beginning of the end of the TED they had grown to love. For others, it was the dawn of a new era of possibility. Anderson had his work cut out for him. The expectations were high, and

he had resolved to surpass them. But first, he had to convince a room filled with some of the most connected people on the planet that he was deserving and worthy of their trust.

Chris Anderson, the entrepreneurial icon, stepped onto the stage to reveal Chris Anderson, the man who admitted to be desperately searching for the key to his own happiness. He told the rapt room about how just a couple years before, those who met him as a TED attendee would have encountered a man who started with nothing and had grown into an ego-driven billionaire whose personal self-worth was completely wrapped up in the value of his financial net worth. In the height of the dot-com bubble bust, Anderson's net worth dwindled by about $1 million per day—for 18 months straight. He wasn't as concerned with the loss of the money as with the all-important question of, "How did I let my personal happiness get so tied up in this business thing?" Over an insubstantial span of time, he watched everything that he built over 15 years crumble to nothing. The story he recounted resonated with the audience, 90 percent of whom at one time during their respective careers had ridden the same terrifying rollercoaster.

Anderson paused and looked his new community in the eye before going on to explain how the need to alleviate the stresses around his emotional and financial tempests had brought him to invest in the future of TED. His sense of purpose echoed their common desire to use the conference as a catalyst for change, easing them all through the difficult transition by giving the community a place to co-create the future together. He said that the theme of the following year's conference was to be Rebirth, in honor of a community coming together in times of challenge

and change. Among other changes afoot, Anderson planned to expand TED to represent more than the three original fields providing its namesake—Technology, Entertainment, and Design—to also encompass education, politics, literature, spirituality, science, energy, social entrepreneurship, and environmental issues, among other subjects. He also planned to propel the exclusive TED community of about 1,500 people into uncharted territory by opening it up to the world using the power of social networking platforms. Anderson's 12 minute and 48 second talk won him a standing ovation and a big thumbs-up to proceed with his vision for his newfound community.

As he promised when he took over back in 2002, TED has gone on to spawn new horizons and open up its closed-door policy to the world by embracing social technology and all its possibilities. Despite its success, this was a bold move—at $6,000 per invitation-only ticket, TED's community was considered to be one of the most exclusive and tightly woven in the world. Why should they embrace the idea of offering free access to just anyone who wants it? Besides that, TEDsters were not inclined to spend time in online social networks or discussion groups—they simply didn't have the time or the perceived need.

The arrival of June Cohen as head of TED's media and online initiative changed all that and brought TED into a new era of open communication. Cohen understood that whether they were technicians, volunteers, celebrities, or sponsors, just about everyone who experiences a session at TED wants to talk about it. In 2006, she began a mass experiment aimed at distributing

free sponsored online video of the archived TEDtalks. Over the next two years, the TEDtalk videos would be viewed more than 50 million times, generating a fierce TED community of self-selected individuals, the majority of which will never attend the conference itself. By opening TED up to social networking platforms, Cohen and Anderson had played to a natural human phenomenon—the innate desire to be part of a community. *33 Million People in the Room* is about understanding that need, codifying it, and using that code to better succeed in business.

FROM "CATCHING UP" TO "STAYING IN TOUCH"

THE NEW ORDER FAVORS THOSE WHO NETWORK, CREATE BUZZ, AND PROMOTE THEIR BRAND. EVEN IF THE BUBBLE BURSTS—AND WE PREDICT IT WILL—THE POWER OF SOCIAL MEDIA TO TRANSFORM OUR BUSINESSES AND SOCIETY WILL ONLY GROW.
—*NEWSWEEK*

From MySpace to Facebook and LinkedIn to Webkinz, social networks are all over news headlines and everyone is talking about them. The question is: What are they, and why do they matter? And, more importantly, how do they apply to you and your business?

The concept of a social network goes back long before the Internet (or for that matter, the personal computer) was ever

invented. It refers to a community in which individuals are somehow connected—through friendship, values, working relationships, ideas. Nowadays the term **social network** also refers to a Web platform where people can connect with one another. It's the online counterpart of the rolodex and card catalog wrapped into one, and it's becoming just as ubiquitous. Online social networks are in essence just offering new ways to communicate. Where once we sent letters, then we made phone calls, then we e-mailed and sent text messages, now we connect through our online profiles and become friends with each other on Facebook.

Think about all the jobs you've had, all the schools you've attended, and all the friends and colleagues you've made along the way, and imagine still being able to get in touch with all of them. Maybe that former colleague's recommendation would help you land that job. Or maybe your college buddy's startup is willing to support your company's latest initiative. Social networks aren't just about catching up—they're about staying in touch.

When you look at the history of business, art, and science, the people who are changing the cultural, business, and scientific landscape are all connected to each other. In any era, the great artists and the brilliant scientists all knew each other. They got together and inspired each other and collaborated together. Social networks make those relationships transparent and provide tools to help you connect and *stay* connected.

Whether you're from a small organization or a large corporation, social networks are changing the world and the

way we do business. Anybody can join them for free, and they're creating new business opportunities in production, distribution, and communication. They offer low barriers to entry and a bevy of potential revenue-generating possibilities. How are you going to seize these opportunities and make money, whether you are a small mom-and-pop shop or a large multinational?

REED'S LAW AND THE CENTER OF THE UNIVERSE

It's become a seamless part of the standard business lunch—sitting down at the table, pulling in your chair, taking out your smartphone, and placing it on the table in front of you. Everybody in the restaurant does the same. The conversations may be face-to-face, but the presence is worldwide. With each smartphone comes a world of contacts—phone numbers, e-mail addresses, social networking profiles. Each device connects the dots between the people at the table and their extended network of friends and associates, both online and off. There may only be two people at the table, but there are *33 Million People in the Room.*

When Chris Anderson and June Cohen opened up TED's online social network and expanded their community into the millions, they were building on a concept called Reed's Law. The law, created by Internet "uncle" David Reed, states that the effectiveness of large networks (and social networks in particular) can scale exponentially with the size and social

importance of the network. In other words, Reed suggests that every new person on a network doubles its value. Let's go back to the restaurant and say that between you, your lunch partner, and all the contacts in both of your phones, you have a network of 25 individuals. According to Reed's Law, the amount of possible connections and subgroups within your group of 25 individuals is an astonishing *33 million.* Add just five more individuals to your network and the amount of possible connections shoots all the way up to a billion. Reed's law explains why social networks have literally exploded onto the scene, but more importantly, it shows the vast potential offered therein. When each new addition to a network doubles its value, the revenue-generating possibilities multiply pretty quickly.

Take for example the first social networking application for collaborative research and development to incorporate pregenerated expert profiles. With more than 1.4 million biomedical experts from more than 150 countries, the BioMedExperts site currently houses approximately 12 million preestablished network connections, none of which were uploaded by a human. Each of these connections between people, ideas, and areas of interest was automatically generated from more than six million scientific publications from 6,500 journals, and experts can access the system to revise and/or update their personal details, publications, and/or preferences. As a biomedical research scientist who blogs under the name DrugMonkey wrote in a June 23, 2008, post: "Obviously the serious geekery part is starting with your own cloud of connections and seeing what it can tell you… the database allows a little more broad-based research which is where it comes in handy as a networking tool, among other things."

The open platform also reflects the real-life activity network
of experts worldwide even as the social tools enable them to
connect in the virtual world.

Of course, not every scientist invited to join the BioMedExperts
online network will participate, let alone create a subgroup
within the larger network, just as not every possible subgroup
calculated by Reed's law will emerge and be fruitful. For every
person who does not join the network, the value of the network
will be exponentially diminished. Fair enough, since it is in the
potential value of the connections that *do* form that you want to
invest your time, energy, and resources. But are all connections
created equal, or are some connections more important than
others?

A joint study by researchers at UCLA and Boardex, a corporate
social networking platform, looked at how being right in
the center of a network affects the financial success of that
company. The conclusion is obvious, but not for the reason you
might expect. You'd think that the reason the company would
do well is because everyone would recognize them as the center
of their "universe," and they'd have bigger brand awareness,
a larger market, more sales, and increased revenue. What you
might not expect is that being positioned in the center actually
gives you more information, and it's the information that then
gives you power.

The center of the universe study shows what you might
expect: Companies are influenced by their social connections.
Surprisingly, it also provides scientific evidence to suggest that
these companies are empowered to exploit their competitive

position in the network. Being in the center means that your company makes better policy decisions and better investments, and those advantages improve your bottom line.

The idea that a company can be the center of the universe for its industry is pretty heady, especially when it means being the hub of information for those around you. The revelation that the more a company hires highly networked employees, the better chance the company has at being the center of its industry's network is even more impressive. Changes within the company occur not only when a director and key executive are hired or fired, but also when they develop new connections by sitting on a new board of directors, by joining new organizations, and by using social technology to leverage their relationships. Connected people are hubs of information, and they have an enormous impact on both the inner workings of a company and on how other firms perceive the company. Think of it as if you were planning a party. The most memorable parties aren't the ones that have the best location or the best music. The best parties, and the best companies for that matter, are the ones that have the most interesting mix of people.

But what happens when highly connected people leave a network? The center of the universe study answered that question by looking at the impact that the death of a highly connected corporate decision maker could have on the life and performance of the company it served. To do that, the UCLA researchers tracked more than 2,000 firms and 30,000 key executives from 2000 to 2006. Not surprisingly, the study determined that when highly connected people die, so too do the connections between their companies.

The study demonstrates that companies that influence the culture around the firm's larger business community are positioned more centrally in the network and are, in turn, highly influenced by the culture around them. Being at the heart of the business hub leads to better decisions because companies are exposed to a wider set of information than their less networked counterparts. The more pertinent information you have access to, the better the decisions you are likely to make and the better your company is likely to run.

Researchers also uncovered another compelling reason to be in the center of the universe, so to speak. The team focused on directors who actively positioned themselves right in the heart of their business networks, and as you might imagine, they found strong evidence to suggest that the more connected the director, the more she was compensated. After all, in business, it's not just about *what* you know. It's also about *who* you know and how well you use those relationships.

So far, we've seen that a company's social networking capabilities and the active networking of its employees have an impact on everything from the inner workings of boards to the influence they amass in the larger business community. But what if you are a well-connected slacker with a lot of cultural appeal—someone who doesn't produce real value for the company, but who is well liked by all? Would you still receive higher compensation than your less connected colleagues? To find that out, researchers Nguyen and Dang took the center of the universe hypothesis one step further by looking at the French elite. They discovered that not only are socially well-connected CEOs more likely to make more money, they are also

far less likely to be fired for poor performance, and, amazingly, they were more likely than their unconnected peers to find new and solid employment when they were shown the door.

NEW OPPORTUNITIES IN COMMUNICATION, PRODUCTION, AND DISTRIBUTION

Online social networks are no substitute for face-to-face interactions. Their strength lies in allowing you to collect information about the network you *already* have. The technology lifts the veil off of preexisting relationships when connections hidden or lost over time are suddenly revealed. It also allows you to extend your network to individuals who are just outside your personal network but with whom you share common friends, colleagues, and ideas. Social networks provide the tools to control the information flow between you and your network, and can help you yield more from your relationships with other people. Imagine how amplifying your ability to connect with people and maintain relationships could create a competitive advantage and higher economic performance for you and your company.

As my friend John Perry Barlow reminded me, a few generations ago, there were a lot of people in the railroad business who didn't realize that what they really did was transportation. So when the airline business came around, they didn't have the sense to get into it. You have the same thing here. None of the current winners in business are going to win in the next 30 to

40 years if they don't have the sense to invest in and harness the power of social networks.

The new and open world of socially enabled business provides greater opportunities and more chances to succeed. For most companies, the opportunities tend to be centered in the realms of communication, production, and distribution. Improve your communication by opening the channels both within your company and externally, and you improve the relationship between you and your community. Enhance your distribution abilities by taking advantage of the often viral nature of message dissemination and the natural tendency of online communities to cluster into dedicated groups. Develop new possibilities for production using technology that allows your preexisting community to work with each other on products that can benefit your company directly. Learn the natural order of the socially networked world and then decide how to get out there and make it work for you and your business.

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