



# Macrowikinomics

## Rebooting Business and the World

### THE SUMMARY IN BRIEF

In their 2007 bestseller *Wikinomics*, strategy experts Don Tapscott and Anthony Williams showed the world how mass collaboration was changing the way businesses communicate, create value and compete in the new global marketplace. Now, in the wake of the financial crisis, the principles of wikinomics have become more powerful than ever.

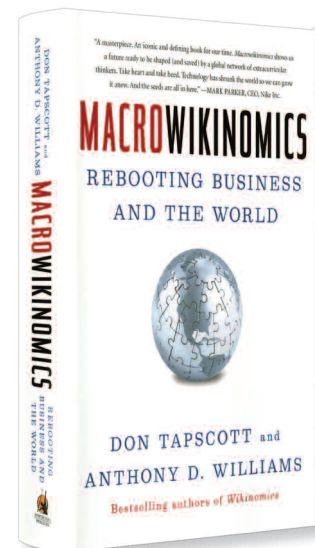
Many of the institutions that have served us well for decades or centuries seem stuck in the past and unable to move forward. And yet, in every corner of the globe, a powerful new model of economic and social innovation is sweeping across all sectors — one where people with drive, passion and expertise take advantage of new Web-based tools to get more involved in making the world more prosperous, just and sustainable.

In many fields — from finance to health care, science to education, the media to the environment — we have reached a historic turning point: Cling to the old industrial era paradigms or use collaborative innovation to revolutionize not only the way we work, but how we live, learn, create, govern and care for one another.

*Macrowikinomics* provides vivid new examples of organizations that are successfully embracing the principles of wikinomics to change the world.

### IN THIS SUMMARY, YOU WILL LEARN:

- How to translate the latest developments in collaborative innovation and open systems.
- How to rethink and rebuild many industries and sectors of society with a new, open, networked model.
- How to reboot our business, education, media and government institutions.
- A map for the transformational voyage organizations must take.



by Don Tapscott and  
Anthony D. Williams

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# THE COMPLETE SUMMARY: MACROWIKINOMICS

by Don Tapscott and Anthony D. Williams

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## From Wikinomics to Macrowikinomics

As a mode of production the industrial economy was infinitely superior to what came before it (the agrarian craft society), dramatically advancing wealth, prosperity and the standard of living for many. But this was a centralized, one-way, one-size-fits-all mass model controlled by the powerful owners of production and society.

Now, because of the new Web, the old industrial models are all being turned on their heads. There is now a new engine of innovation and wealth creation and a powerful new force that radically drops collaboration costs and, as such, enables communities to collaborate on shared concerns, endeavors and challenges. We can rethink and rebuild many industries and sectors of society on a profoundly new, open, networked model. Indeed, for the first time in history, people everywhere can participate fully in achieving this new future.

### Rebooting the World

In *Wikinomics* (Portfolio 2006), this new force was called “mass collaboration” and it was reaching a tipping point where social networking was becoming a new mode of social production that would forever change the way products and services are designed, manufactured and marketed on a global basis. But, in the years since the idea was penned, it’s clear that wikinomics has gone beyond a business or technology trend to become a more encompassing societal shift. It’s a bit like going from micro- to macroeconomics. In which case, wikinomics, defined as the art and science of mass collaboration in business, becomes macrowikinomics: the applica-

tion of wikinomics and its core principles to society and all of its institutions.

Just as millions have contributed to Wikipedia — and thousands still make ongoing contributions to large-scale collaborations like Linux and the human genome project — there is now a historic opportunity to marshal human skill, ingenuity and intelligence on a mass scale to re-evaluate and reposition many of our institutions for the coming decades and for future generations. After all, the potential for new models of collaboration does not end with the production of software, media, entertainment and culture. Why not open-source government, education, science, the production of energy and even health care? These are not idle fantasies, but real opportunities that the new world of macrowikinomics makes possible.

### Five Principles for the Age of Networked Intelligence

Organizations can succeed and even thrive in this new environment by embracing the five principles of wikinomics: collaboration, openness, sharing, integrity and interdependence. These are not only key business principles; they are principles for achieving a world that is secure, prosperous, just and sustainable.

**1. Collaboration.** An increasingly complex and interdependent global economic environment is now exposing hierarchical institutions as being deeply limited and perhaps even a liability as we enter an era in which the upper bounds of human ingenuity will be tested.

**2. Openness.** Among other things, openness is associated with candor, transparency, freedom, flexibility, expansiveness, engagement and access. Recently, because of the digital age, smart organizations have been



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rethinking openness, and this is beginning to challenge conventional business wisdom and transform a number of important functions and institutions.

**3. Sharing.** If openness is about the communication of pertinent information to stakeholders of firms, governments and other organizations, sharing is about the releasing or handing over of assets by placing them in “the commons” for others to use or by sharing them with interested users under agreements that may generate license revenue.

**4. Integrity.** Companies that do bad things tend to fail. There is strong evidence that companies and other organizations are being forced to act with integrity, not just by regulators and institutional shareholders, but also because of the forces of this complex networked age, in particular, transparency.

**5. Interdependence.** The interdependence of actions and events means we have no option other than to try to encourage and enforce mutual cooperation through a new division of labor among the four key pillars of society: business, government, the civic sector and a new pillar enabled by the Internet: the individual citizen. ●

### Rethinking the Fundamentals

A discontinuity, the dictionary says, refers to a break or gap in the logical sequence or cohesion of things. By the year 2008, in the financial world, the term became a deeply cynical euphemism summing up the reckless, sometimes unscrupulous behavior that led to the global financial and economic crisis of 2008–2009. Mortgage brokers convinced people to buy houses they couldn’t afford, on the premise that housing prices would forever go up, and then, with the help of the investment bankers, handed the risk of default to unsuspecting institutions and investors. This was a scheme that greatly enriched the brokers and bankers, at least for a while, because of one key feature: It was so obscure that virtually no one could understand what was going on, and at what real risk.

When the game ended, and the market toppled, it cost American taxpayers billions of dollars. Faced with a historic market crash, the worst recession in three generations, plus government guarantees that exceed the cost of every war the country has ever fought, American taxpayers are understandably furious. Many people are reviving calls for updated regulations, more government intervention and even the breakup of the big banks. But most of the proposals are pretty much tinkering within the existing framework.

### The Transportation Revolution

New forms of green transportation infrastructure are being built and tested in various countries in hopes that such infrastructure could eventually power a worldwide electric car fleet and end our dependence on oil. Innovative car sharing services, like Zipcar, are beginning to reshape car ownership, while a ubiquitous transportation data network, should it be built, could help optimize our roads and unleash a large interoperable cloud of new services that do everything from real-time traffic shaping to in-car shopping and entertainment.

### Opening Up the Financial Services Industry

Restoring long-term confidence in the financial services industry in the United States and other industrialized nations will require more than government intervention and new rules. What’s needed is a new modus operandi, one where all of the key players (banks, insurers, investment brokers, rating agencies and regulators) embrace transparency and other wikinomics principles in order to develop credible practices and policies that will ensure the crisis doesn’t reoccur. If the investment community and the broader public understand the true causes of the financial disaster, perhaps they can protect themselves against financial adventurers in the future.

In short, it is time to shine the light on the opaque products and activities of the financial sector that have threatened the entire economy, and the Web provides a platform to do this. A digital response involving collaboration on a mass scale may be the best way to properly evaluate and assess the value and risk of new financial instruments as they are produced. New models based on openness, transparency and participation are already changing many parts of the industry from venture capital to mutual funds and even lending, so why not apply the same thinking to the obscure mathematical models that value the risk and expected returns of the most complex instruments; expose them to the scrutiny of the thousands of experts who have the knowledge to vet the underlying assumptions?

Arguably, this is the perfect time for fresh and even radical thinking. When it comes to evaluating risk, this interconnected digital crowd comprises people who are financially sophisticated and can provide the innovative insight that will clarify the questionable dealings in the financial services business. A more open and collaborative approach would restore trust in banks, kick-start venture capital, unfreeze the paralysis of lending markets and lay a foundation for a financial service industry that

continues to underpin the growth and prosperity of the world's economies.

### **Bootstrapping Innovation and Wealth Creation**

Twitter, Facebook and Wikipedia may have captured the popular imagination, but collaborative innovation goes a lot further. It's a new way for people to socialize, entertain and transact in peer communities of their choosing and it opens up exciting new opportunities for individuals to participate in the economy — from designing and selling T-shirts through Threadless.com to helping NASA build a better astronaut glove.

Indeed, for the first time in history, individuals and small businesses can harness world-class capabilities, access markets and serve customers in ways that only large corporations could in the past. Small and medium-size enterprises, for example, can make and sell products to a global market without having to manufacture anything themselves.

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### **Reindustrializing the Planet**

Greg Asner and Carlos Souza, two scientists at the forefront of forest science, are hoping to uncover the location and rates of deforestation around the world and link them to climate change. But instead of traversing through vast tracts of jungle in Indonesia or Brazil, they have been using Google Earth, available to anyone with a computer and Internet connection. The scientists are working with Google's team to analyze satellite images that can shed light on the status of the world's forests, without the need for expensive field studies.

While free tools like Google Earth empower the world's scientists and policy makers, they also make information that was once inaccessible and hard to understand available to the broader public. Indeed, Google Earth, along with the data-crunching capabilities of Google's server farms, provides an ideal platform on which to enhance our understanding of humanity's impact on the biosphere.

### **Reversing the Tide of Disruptive Climate Change**

Of course, fostering understanding on its own is not enough to heal our imperiled planet: We need innovative solutions and we need to take the necessary actions to put those solutions in motion. On Jan. 21, 2008, millions of American students in nearly 2,000 academic institutions stepped up to the plate as part of the day-long civic engagement discussion called Focus the

Nation, which focused on climate change, its consequences and potential solutions. Joining these students were some powerful players, including 64 members of Congress, 15 state governors and countless local politicians. The event created a groundswell of activism and helped spur government policymakers into action. Thousands went online to vote on a list of possible solutions — with the most votes going to a proposed increase in federal spending on clean energy R&D.

What do scientists like Asner and Souza and these students have in common? On one hand, they share a belief, one increasingly backed by scientific evidence, that problems like pollution, water shortages, habitat degradation and climate change threaten the ecological systems that sustain our economy and our way of life. On the other hand, they are part of a broader mass movement — a growing network of people with the motivation and the capacity to enact the deep changes required to bring our modern way of life into balance with nature's support systems.

For the first time we have one global, multimedia, affordable, many-to-many communications system that we can use to better understand the causes and consequences of climate change and develop appropriate responses with input from a global array of citizens, governments and businesses.

### **Wikinomics Meets the Green Energy Economy**

A growing number of companies are developing intelligent infrastructures to measure everything from water to natural gas flows. For example, SAS business analytics allow utilities, such as Brazilian utility Cemig, to precisely forecast electrical demand in both the long and very short term. Cemig can even predict how demand will change when a World Cup soccer game starts or ends and televisions are turned on or off. Others, like IBM, are piloting schemes to monitor entire systems, such as supply chains and transportation networks. The company has developed sensors and Radio-Frequency Identification (RFID) tags that can track foodstuffs, such as meat or other horticultural products, from the producer all the way to the supermarket shelf. Armed with this data, retailers can ensure the quality of supply while customers can make smarter purchasing decisions.

The drive to make all things “smarter” by connecting electrified objects on the Internet will, within a few years, result in a flood of new data that can be aggregated and analyzed, providing a powerful engine for energy dashboards and trading platforms that help households and businesses optimize their consumption. ●

### **Learning, Discovery and Well-Being**

In an age of unprecedentedly high enrollment, there is evidence that universities are losing their grip on higher learning as the Internet inexorably becomes the dominant infrastructure for knowledge — both as a container and as a global platform for knowledge exchange between people — and a new generation of students requires a much different model of higher education. The transformation of the university is not just a good idea — it is an imperative. Luckily, we are living in a time of great opportunity and there is a stream of proposals for change coming from within academia itself.

Some say the Web enables distance learning and the elimination of campuses. Others argue that we need more technology in higher education, or colleges should be opened up and made free to all. There are renewed calls to abolish tenure and even to replace traditional departments with a new set of problem-focused disciplines. The trouble is that most of these ideas don't address the fundamental problems with the university or show a way forward.

#### **Rethinking the University: Collaborative Learning**

Rather, change is required in two vast and interwoven domains that permeate the deep structures and operating model of the university. First, we need to toss out the old industrial model of pedagogy — how learning is accomplished — and replace it with a new model called collaborative learning. Second, we need an entirely new modus operandi for how the content of higher education — the subject matter, course materials, texts, written and spoken word and other media — is created.

Rather than the old textbook publishing model, which is both slow and expensive for users, universities, professors and other participants would contribute to an open platform of world-class educational resources that students everywhere can access throughout their lifetime. If universities open up and embrace collaborative learning and collaborative knowledge production, they have a chance of surviving and even thriving in the networked, global economy.

#### **Igniting Knowledge Creation in a Networked World**

The Internet is not just a low-cost medium for disseminating scientific information; it's the new platform for doing science, period. Thousands of scientific pioneers now rely less on "the paper" as the prime vehicle

for scientific communication and more on tools such as blogs, wikis and Web-enabled databanks. Rather than wait a year or more to crank out a traditional publication, they use Twitter and other social media to share day-to-day findings and observations with a global network of peers. Better and cheaper access to knowledge and scientific tools, in turn, is making the whole process of learning and economic change more efficient.

As these new forms of mass collaboration take root in the scientific community, there is an opportunity to completely rethink not just how we publish science, but how we apply science to drive innovation, solve problems and create economic opportunity.

#### **Collaborative Health Care**

Web 2.0 also puts the informed patient into a new context. It enables a new model of medicine called "collaborative health care," which would give us a system that is cheaper, safer and better than what we have today. A key component of collaborative health care is user-generated medical content, just as new user-generated content is becoming an essential component in fields such as journalism, learning, science and the media. In the health care industry, Web 2.0 enables people to self-organize, contribute to the total sum of knowledge, share information, support each other and become active in managing their own health. Citizens will be active in researching their own health, sharing their experience with others and consulting with health care professionals when necessary. Because patients are engaged, they are managing their own health more effectively, reducing costs and improving outcomes. This is already happening on a small scale, and we're only scratching the surface of the possibilities.

Not only is collaborative health care focused on the patient; the patient co-creates health care and wellness, producing an outcome that is more evidence-based and cost-effective. ●

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### **Turning the Media Inside Out**

The digital revolution has affected no sector more than media and entertainment. Newspapers throughout the United States and Canada are collapsing.

#### **The Demise of the Newspaper**

The collapse of newspapers is not coincidental, conjunctural or containable. It is systemic — rooted in the digital revolution. So the leaders of the old media should take a deep breath and get going on the kind of experimentation required to forge some new approaches that are sustainable.

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As the media becomes democratized and as those vested in the old paradigm fight change, a historic period of calamity is in the making. At the same time there are fresh, sometimes breathtaking new innovations in every medium — experiments and juggernauts that show us the way forward.

### **Professional Bloggers**

Technorati reports in its 2009 State of the Blogosphere that a whopping 28 percent of bloggers report earning income from their blog. Half of these “professional bloggers” write full-time either to support their business or as a business itself. A remarkable 17 percent say blogging is their primary source of income.

Though the majority of blogs or other citizen-producer media are typically not of a quality to compete with commercial media, they point to the increasing ease with which anyone can create their own news and entertainment and bypass established sources.

### **Inside the Future of Music**

Playing for Change is an outstanding Web site that shows the power of digital technologies being used to help create innovative and exceptional music. Through videos, photos and blog entries, the site tracks the travels of award-winning filmmaker and producer Mark Johnson, who has circled the world to showcase the world’s incredibly rich diversity of musical genres. From a blind street singer in New Orleans to Native American drummers and South African choral singers, Johnson uses the power of the Internet to bring hundreds of talented and colorful musicians from dozens of regions to the world’s attention. Johnson’s got it all on his Web site and he’s inspired some pretty unique musical collaborations as a result.

Johnson’s first recording was of a street musician in California singing “Stand by Me.” Then he recorded and filmed 37 other street musicians in different countries singing or playing the same song. Each musician could hear and play along to the music of the other musicians already recorded. When the individual recordings were woven together, the result was a true musical tapestry and an unparalleled international musical collaboration. The song was a hit too — its riveting video was a favorite on YouTube and Facebook and has been viewed more than 30 million times.

As the Playing for Change project shows, the Internet opens new doors for creative collaboration and new models in the arts. Just about everywhere, the Web and the principles of wikinomics are changing the way music is produced and disseminated, deepening the bond between performers and music lovers.

### **The Future of Television and Film**

Just as MP3s and the Internet have turned the music industry upside down, emerging technologies in the film industry promise equally dramatic changes coming soon to a theater near you. Or to your computer screen. Or big-screen TV. Or mobile phone. The current model of the film — two hours in a dark theater with popcorn — won’t disappear, but it will become just a small piece of the bigger market that is best described as Film 2.0. Movies, video games, digital effects and networking will all mesh to change where and how we watch films. And how films are created, distributed and monetized. Wikinomics is beginning to transform the movie, the movie business and how people interact with video content.

In 2010, Google announced it would build trial ultra-high-speed broadband networks in a small number of locations across the United States. The project promises fiber-to-the-home Internet speeds of 1 gigabit per second, more than 100 times faster than what most Americans have today. At this speed, a high-definition movie can be downloaded in less than 30 seconds, which leaves cable and satellite twisting in the wind. ●

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## **Rebooting the Public Square**

Despite being a decade into the 21st century, the unfortunate reality is that most governments still reflect industrial-age organizational thinking, based on the same command-and-control model as industrial-age enterprises.

Despite numerous attempts, very little has changed in the past half century. Too many government organizations are still largely locked into old structures and outmoded ways of working.

### **Creating Public Value**

The good news is that just as new waves of innovation are washing over the private sector, opportunities to harness new models of collaboration and innovation are arriving at the doorstep of governments everywhere. Indeed, if mass collaboration is changing how enterprises innovate, orchestrate capability and engage their stakeholders, why can’t the public sector seize networked business models to cut across departmental silos, improve policy outcomes, reduce costs and increase public value? Market forces alone cannot meet the needs of today’s citizens. But neither can the old industrial age models of government.

Aging demographics, rising deficits and a hatful of planetary challenges demand new models of government and democracy based on the five principles of wiki-

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nomics: openness, collaboration, sharing, integrity and interdependence. If politicians and public servants are to ensure their relevance and authority going forward, they must move quickly to meet rising expectations for openness, accountability, effectiveness and efficiency.

### The Rise of the Citizen Regulator

With the proliferation of RFID, satellite imagery, cheap personal video recorders, powerful mobile computing devices and an array of Internet-connected sensors, a vision of millions of citizens participating in an act of civic regulation is increasingly plausible. Indeed, the question raised is whether a combination of new technologies and citizen participation could unleash an era of participatory regulation, where citizens and other stakeholder groups play an active role in designing and enforcing regulations. The idea is that just about every area of regulation today — from air and water quality to food and safety and financial services — could benefit as a result of having a larger crowd of informed and empowered individuals helping to protect the public interest.

Even a small, well-organized group of highly motivated citizens with access to information can use social networks, like Facebook and Twitter, to make a big impact. Regulatory agencies would need to open up, rethink old processes and supply the tools and data that citizens would need to contribute meaningfully. But, given the depleted state of regulatory agencies around the world, greater citizen participation in regulation would be a very good thing indeed.

### Solving Global Problems

The nongovernmental organization (NGO) sector is exploding in size and influence on the international scene and increasingly setting the agenda in areas such as human rights and the environment. Meanwhile virtual communities linking cultural and ethnic diasporas around the globe are breaking down the boundaries of geography and creating bridges based on values. These worldwide virtual communities not only provide a sense of belonging, they can become a conduit for problem solving by bringing together people who share a heritage or a worldview, but not a physical location.

Will a completely different, more appropriate form of governance succeed the nation-state, just as the nation-state itself was built on the foundations of early and more limited forms of government? The answer to that question remains anybody's guess, but one fact seems beyond doubt. As we go forward, governance will be increasingly co-owned by a variety of stakeholders,

including NGOs, multinational corporations and emerging countries, such as Brazil, China, India and Russia. Even individual citizens have an unprecedented ability to participate and engage in global activities.

### Fighting for Justice

There is one human institution that urgently needs nurturing and expanding. That institution is human freedom: the right of people everywhere to determine their own destinies, to be free of oppression and to enjoy bedrock liberties, like the right to free speech, a free media, free association and, most of all, the opportunity to participate equally in building a more prosperous, free and sustainable global economy.

Extinguish the flame of democracy and you dampen the spirit of economic creativity and innovation as well. Succeed, on the other hand, in extinguishing the dictators, and the world will liberate countless people to participate in wealth creation within every sector of the economy. And it turns out that wikinomics presents our best hope for promoting freedom and defeating its enemies.

In the wiki world, there is a new bottom-up model of international diplomacy where hundreds of millions of oppressed people use mobile phones and modern communications platforms like Twitter to advance their causes. This new generation of citizen activists is wired for social change, united in their aspirations and equipped with a global platform for collaboration that has even the most ardent authoritarian freedom haters running scared. In fact, everyone can help promote freedom — not just oppressed people. And expectations are growing that the business community will play a major role too. ●

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## Conclusion

*Macrowikinomics* is the story of a world with two starkly contrasting realities. On one hand, many of the institutions that have served us well for decades — even centuries — seem frozen and unable to move forward. On the other hand, there are sparkling new possibilities as people with drive, passion and expertise take advantage of new Web-based tools to get more involved in making the world prosperous, just and sustainable. It's a story of atrophy versus renewal, stagnation versus renaissance. And now every organization, and every budding leader within them, must grapple with a profound choice: Participate in rebooting all the old models, approaches and structures or sit on the sidelines and risk institutional paralysis or even collapse. We're not talking

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about tinkering around the margins, but about reinventing and overhauling crumbling institutions and outmoded ways of working.

## Ground Rules for Reinvention

After studying hundreds of organizations across a dozen sectors of society, there are six rules, or ways of working, that successful individuals and groups follow to enable wikinomics in their organizations and sectors:

**1. Don't just create; curate a context for people to self-organize.** Instead of creating something and guarding it aggressively, as most organizations do, turn your thing (be it a good or a service) into a platform where others can self-organize and create new value. In other words, don't just be a creator, be a curator too.

**2. Rethink the commons.** In order to collaborate, you're going to need to share some intellectual property (IP) and get your IP lawyers on board. So think about what parts of your business activities could benefit from being released and what parts you'll keep inside.

**3. Let go.** To control your future in this volatile world, you also need to start with a paradoxically different attitude: You need to let go. Encourage people to organize themselves to help you solve problems and come up with new ideas.

**4. Find and strengthen the vanguard.** Of course, even self-organization needs prodding, and the requisite leadership in any large-scale collaboration usually comes from a small group of enthusiasts in the vanguard. So strengthen that vanguard and spur them on by providing incentives, recognizing excellence and promoting talented individuals to positions of leadership.

**5. Create a culture of collaboration.** Broadening and deepening the culture of collaboration in your organization is essential to making a lasting change in the way you create value. Transcend the old-style hierarchy and, instead, create a dynamic meritocracy where ideas and information can flow freely through the organization.

**6. Empower the Net Generation.** Today's young people are the first to grow up with an innate understanding of the digital world and its possibilities. Collaboration comes naturally to them. Wise leaders can leverage this by empowering young people to help lead the process of reinvention.

## Leadership for a Changing World

Arguably it is now possible, with modern technology, for organizations and even societies to share a perspective and even some kind of consciousness, a state of

## Five Priorities for Innovation in Participatory Regulation

Making the transition to participatory regulation will require regulators and their partners in industry and civil society to master five key areas of innovation:

1. Create a culture of openness.
2. Build platforms for participation.
3. Foster dialogue and continual improvement.
4. Protect the public interest.
5. Organize collective action in industry.

Participatory regulation is based on the notion that concern for the public good, fidelity to norms and the capacity to operationalize those norms build faster when not induced by threat or coercion.

being aware, informed, concerned and intentional. If an organization becomes conscious as a group, then perhaps it can learn. Unconscious organizations, like people, cannot learn. Conscious ones can. It may turn out that networked intelligence is the missing link in creating so-called learning organizations. Indeed, this new consciousness and interconnectivity — this capacity to learn dynamically as organizations — could be key to making the transition from old industrial models of value creation to the new networked models. If networking can speed up the metabolism of our collaboration and enable shared thinking and learning, a new kind of collective consciousness could be applied within and between organizations to innovate better, create prosperity and advance society.

With today's communication breakthroughs we have a historic occasion to reboot business and the world using wikinomics principles as our guide. Because each of us can participate in this new renaissance, it is surely an amazing time to be alive. Hopefully we will have the collective wisdom to seize the time. ●

### RECOMMENDED READING LIST

If you liked *Macrowikinomics*, you'll also like:

1. ***Wikinomics* by Don Tapscott and Anthony D. Williams.** The original collaboration between these authors describes how the Internet's social network offers new, decentralized ways to produce profit
2. ***Free* by Chris Anderson.** Anderson makes the compelling case that in many instances, businesses can profit more from giving things away than they can by charging for them.
3. ***Hot, Flat and Crowded* by Thomas L. Friedman.** The renowned economist attempts to address the global dangers facing society.