

Traders and agents – New roles for the knowledge economy

Victoria Ward and Roger Butler explore knowledge exchange in today's hyperlinked organizations.

The new digital era is re-modelling markets. There are well publicised examples in the publishing and music industry, but the impact of this revolution is now fundamentally changing the way we work in a myriad professions, such as:

- *Photojournalism.* An award winning photojournalist who, in response to the decline of print, is now making its own digital photojournalism essays, using traditional photographic methods, but repackaging the stories (words, pictures, maps) for digital distribution.
- *Antique dealing.* A world expert on British corkscrews who has a shop in London and has recently published a book on the subject, downloads catalogues from the Web and sells things through E-Bay. He sees his traditional niche as an intermediary evaporate as his clients all have access, through the Web, to the same auction information as he does.

- *Film location work.* A researcher at the London Film Commission, who, on being told that a film would come to London “if you can find me a forest to trash,” found one using a combination of databases, contacts and networks.

Layered markets

New markets, structures and ways of working are starting to have a profound effect on the boundaries between specialist expertise (creation of content), packaging of content (editorial roles), and agency (distribution of content, or advice about content). It's ironic that profound expertise such as photojournalism is no longer enough on its own; that experts who seek a niche in new market structures are having to assume packaging and agency roles, new vulnerabilities and interdependencies, in order to create new possibilities.

There are deep implications here for individuals, but what I intend to focus on is what this means for markets. What are the nature of assets and transactions?

If you look at a market of layers from explicit structures which are visible, governed by membership rules, regulations and protocols, all the way down to deep, invisible, hidden values and behaviors, you can use Edgar Schein's distinctions of market types taken from his work at the Sloan School of Management on mapping values and traditions concerning organizational cultures. See Figure 1 for Schein's three-layer model of organizational culture.

Exchanges and transactions

1. Explicit markets. At the most explicit level there are formalized markets, reaching increasingly into e-commerce. E-bay, IQPort,

Amazon.com. These markets are characterized by an “auctioning” approach to core assets. An asset (a book or piece of knowledge) is “wrapped” with information which allows the buyer to build the assets from components, to establish price, and – supported by logistics – to execute the transaction (i.e. exchange cash for assets). This can have some interesting results. For example, an individual recently sold their E-bay personality for US\$2,000. Financial markets and products are also being structured in such a way as to create streams of income from intellectual capital. David Bowie securitized his future royalties from his back catalogue and picked up US\$55m from the issue of bonds backed by future royalty payments on his music. Charles Pretzlik of *The Electronic Telegraph* noted: “The deal is the first in which music royalties have been used as security on bonds, instead of more common assets such as credit card payments.”

2. Local Exchange Trading Schemes (LETS). These are community endeavors, both on- and off-line that are based on reciprocity (I do gardening – you do babysitting). A skills exchange, which extends – particularly in virtual communities – into knowledge exchange for reciprocal favours. Some LETS systems are formal (See the Bobbins sidebar), others are informal – a kind of guild approach: I introduce an idea about digital photography to my photojournalist, in return, he takes my publicity photos. In a LETS scheme no economic value changes hands.

This mutuality and knowledge exchange also extends some of the e-commerce sites. For example, encouraging reader book reviews at

BRIEFINGS

Figure 1 Schein's layer model

Schein layer	Characteristic	Components	Knowledge market
Artefact	Visible layer	Hierarchical structures, office space, rules, protocols	Explicit Markets
Espoused values	Middle layer	Strategies, rules of behavior, philosophies	Local Exchange Trading Schemes (Bobbins)
Underlying level	Invisible layer	Basic underlying assumptions. Unconscious beliefs, perceptions, thoughts and feelings that are taken for granted and not questioned.	Political Capital Exchanges and Transactions

Amazon.com, creates co-evolution of knowledge between agent (Amazon.com), and reader groups.

3. *Political capital exchange*. This is probably the most tacit layer of transaction. In order to exploit interdependence, and your role in emerging knowledge and skills markets (whether as expert, packager or agent), you need a good grasp of market theory – specifically options theory. The network of psychological contracts you build with colleagues, collaborators and competitors can be viewed as a portfolio of rights and obligations (i.e. a portfolio of options).

Trading principles

I suggest four trading principles which are useful in governing behavior in knowledge markets:

1. *The knowledge bazaar*. Be aware of who you are, what role you are playing, what assets you are trading. Understand that your internal assets (knowledge, experience, skills, capabilities) are extended by external assets – people, stories and templates.
2. *Give: Get*. Remember that all markets are built on a fundamental principle of give: get. Be aware of what you are giving, and of what you have the right to get in return.
3. *Tit for Tat*. The principle of do unto others as they do unto you, while understanding membership and mutuality. This leads to some interesting ethical kickers outside the scope of this article.
4. *Encoding and Decoding*. Remember that, in an extension of Marshal McLuhans proposition that “The Medium is the Message,” the product is the process. Patents, licences,

franchises, copyright will become more difficult to control. Two good illustrations of this are: 1. in America computer code is patented as weapons; and 2. the blueprint for genetically modified foods is inside the seed.

Metamediaries

In this new world business is migrating to new media, and so the nature of mediation will change. On one hand people like the antique dealer will get squeezed out or have to reinvent themselves. On the other, the role of agents becomes increasingly essential in complex transactions like bid/ask pricing where many components are involved. The three main roles that agents will play in the future are:

- *Disintermediation*. “Cutting out the middleman” and selling everything direct. Examples: Dell, E*Trade and Travelcity
- *Infomediation*. “Trusted third parties” are the new style mediators lying between customers and suppliers. Example: Exchange’s Moneyextra who is a trusted third party for consumers guiding them to the best value products.
- *Metamediatio*n. Providing integrative knowledge to the individual, community or enterprise which can govern flows of information – collect intelligence from diverse sources, repackage and redistribute it profitably. Metamediaries for the car industry provide a range of services from performance data on cars, customer comments, insurance dealers, and warranty suppliers.

New business models

In late 1997, David Weinberger wrote about integrative knowledge in *Wired*, suggesting that: “When intranets do for organizations what

Bobbins

The term bobbin comes from thread bobbin – a reel around which thread is wound. In Manchester, UK the term “it’s worth bobbins” means “it’s not worth much.”

A LETS scheme in South Manchester used bobbins as its unit of currency. A £5 annual joining fee paid for a directory of services, from plastering to car mechanics. Price would then be determined either directly as units of time + scarcity of expertise, so:

- Car mechanics = 5 bobbins an hour
- Replastering = 10 bobbins a room
- Crafted door handles = 3 bobbins

Source: Spark Associate

hyperlinks have done for documents, companies that embrace the new model will look and feel very different. Rather than a hierarchical organizational chart, the business will have a ‘web chart’ that shows the set of projects, with senior management providing a coordinating role outside individual project nodes. Controls on information will be loosened because the benefits of access outweigh the costs of restriction.”

A sign of value to the organization will not be standing at the top of the heap, but having the most hyperlinked roles – integrative knowledge will become at least as important as specialized knowledge. Hyperlinking of organizations is happening already; unless it is managed, it loosens the grip of management without substituting any equivalent guidance. But even if you were able to restore the corporate monarchy, the democracies next door are going to outsell, outperform, and outrun you.

Victoria Ward is director of Spark Knowledge. She was formerly CKO at NatWest’s Investment Bank. Contact sparkuser@sparknow.net
Roger Butler is the founder member of the Knowledge Partnership which focuses on eBusiness and knowledge management.

Notes

- Axelrod, R. (1990) *The Evolution of Cooperation*. Penguin
 Pretzlik, C ‘Ziggy Wows them on Wall Street’ *Electronic Telegraph*, February 1997
 Prusak, L & Cohen, D (1997) *Knowledge Buyers, Sellers and Brokers: The Political Economy of Knowledge*
 Ernst & Young Center for Business Innovation Working Paper, January 1997
 Prusak, L & Davenport, T (1997) *Working Knowledge*, Harvard Business School Press
 Schein, E (1992) *Organizational Culture and Leadership*. San Francisco: Jossey-Bass.
 Article reference, Weinberger, D (1997) *Wired*