Decentralized knowledge

Natalia Milovantseva, PhD, June 5, 2019

'If you can't beat them, join them'

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The core and the crowd

Core: experts with years of experience inside the organization and centralized knowledge, processes, and capabilities that companies have built up internally and across their supply chains over the years

Crowd: billions of decentralized, digitally connected people on the planet who may be willing and able to help a company if they are invited to and gain some benefit from doing so

Why crowds work?

- Numbers

- Self-renewal

- Marginality

- Generalizing the problem removes the need for domain-specific knowledge

Division of labor between core and crowd

- Core - to understand **the present-day** context and solutions coherent within an organization

- Crowd - to get fresh ideas about **the future**

Key enablers for using the crowd

- Internet connectivity

- Platforms

- The network effects

Managing the core versus the crowd

Core

- Hire credentialed and experienced people into the firm
- Have a good manager to direct the workforce
- Manage the project top-down
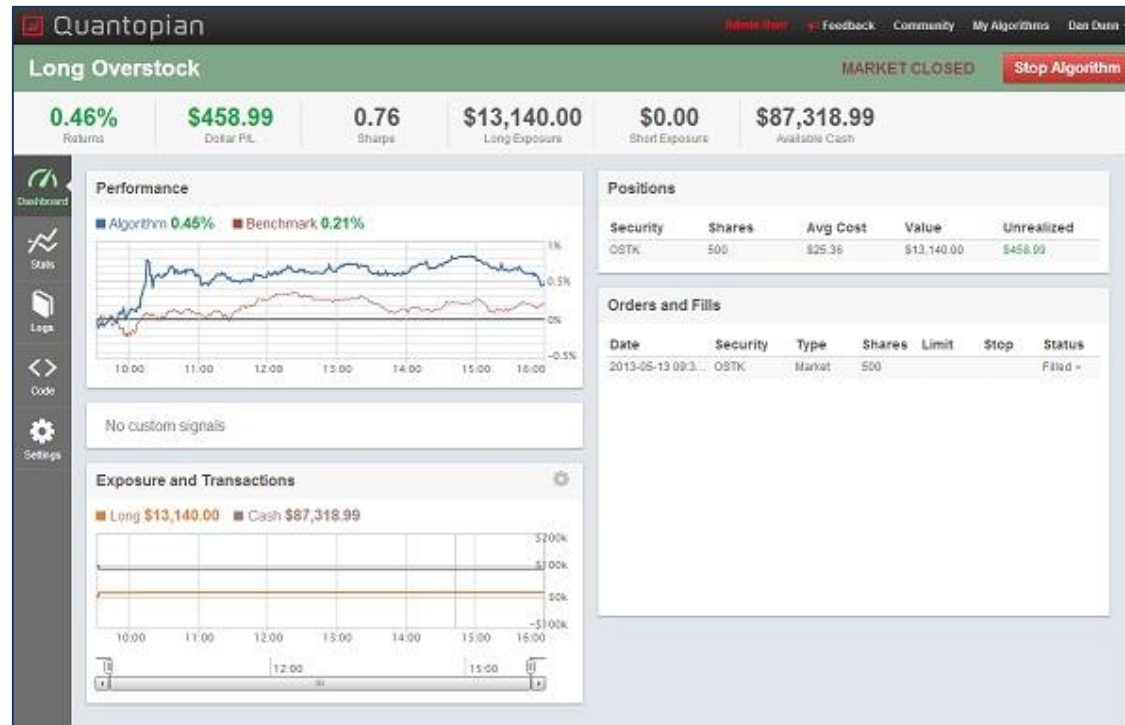- Monitor progress against the plan

Crowd

- Openness and non-credentialism
- Self-organization from the bottom up
- Clear outcomes
- Verifiable and reversible contributions
- Geeky leadership

Key types of crowds

- Short-term task crowds

- Long-term project crowds

- Prediction markets

Example: Quantopian

Concerns around using the crowd

- Sharing proprietary knowledge?

- Setting up the process?

- The effect of using the crowd on core morale?

Thank You

For references contact your instructor at nmilovantseva@hse.ru