

The New Human Resource

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In the old days, waaaay back in the twentieth century, a clear line separated companies that produced products and services from the customers who bought them. Apart from one-way "customer feedback" and marketing research, the interactions between the two were generally sporadic and unfocused. Fast-forward to today. By taking advantage of technologies that dramatically reduce barriers to communication, savvy companies are "crowdsourcing"-collaborating with volunteer workers to solve problems better and at lower cost. Here are four excellent examples.

Procter & Gamble: Consumer products manufacturer

Crowdsourcing Task:

Research & Development



During a 2002 Procter & Gamble brainstorming session, a company manager had a flash of inspiration: Why not print text or images on Pringles potato chips? Great idea, but there was a catch: no one at P&G knew how to do it. To find the expertise it needed, P&G tapped into [RTC North](#), a network of European scientists, and found a small bakery in Bologna, Italy, run by a professor who had invented a technology that uses ink-jet techniques to print pictures on pastries. By licensing the technology, P&G was able to launch the new [Pringles Prints](#) chips in less than a year—and at a fraction of the cost of doing it in-house. Indeed, after decades of rarely looking outside its own walls for ways to improve brands like Pringles and Crest, P&G now taps the brainpower of scientists around the world by using crowdsource research networks like [Innocentive.com](#) and [YourEncore.com](#). The result: 40 percent of the company's new innovations now come from outside P&G, up from 10 percent in 2000.

O'Reilly Media: Mid-size publisher

Crowdsourcing Task:

Sales reporting

O'REILLY®



How do you know if your products receive adequate placement on store shelves? Executives at O'Reilly Media, a privately held company best known for publishing technical manuals, heard anecdotal stories that its books were difficult to find in big chain bookstores. Sending teams of market researchers from store to store would have been prohibitively expensive, so the company instead turned to an online user group devoted to its books. O'Reilly sent email to members of the group, soliciting volunteers to visit local booksellers and submit monthly reports of what titles were on the shelves. Some 500 people volunteered, and 75 of those happened to live near bookstores that were of particular interest to O'Reilly execs. For three months, the volunteers submitted spreadsheets to the company, along with anecdotal impressions of their experiences inside the stores. In return, O'Reilly gave the volunteers free books. "It answered our question: Are bookstore chains doing a decent job getting our books on the shelves?" says Sara Winge, O'Reilly spokeswoman. "Turns out, the stores were doing a pretty good job, but that was a very hard question to answer without having volunteers who were willing to actually go see for themselves."

Chipotle Mexican Grill: Nationwide restaurant chain

Crowdsourcing Task: Advertising



Chipotle Mexican Grill never made a TV commercial until last fall, when it sponsored a contest that invited college students to produce their own ads for the Denver burrito chain. Chipotle provided some tag lines and graphics; the students did the rest. "We didn't want to give a lot of direction," says Chipotle advertising manager Ryan Murrin. "We wanted to see what they would come up with." Some of the videos were sophomoric, but others were refreshingly creative—one was a 1950s-style educational video that showed a burrito being launched on a homemade rocket. Thanks to MySpace and YouTube, the 60 contest videos netted 17.3 million views in just three weeks in November, and one of the ads, dubbed "Dady," single-handedly garnered more than 8 million views. The **contest winners** shared \$50,000 in prize money, while Chipotle received millions of dollars worth of free advertising and publicity.

Threadless: Youth-oriented fashion manufacturer

Crowdsourcing Task:

Product design and selection



Threadless founders Jacob DeHart and Jake Nickell built their \$14 million T-shirt company around customer participation by allowing the company's online community to submit **their own T-shirt graphics**, vote on 1,000 different designs each week, and indicate whether they would buy shirts with those designs. Since starting their business in 2000, DeHart and Nickell have cultivated ties to online designers—a shrewd move that did much to nurture a passionate community of users. "Without them," says DeHart, "we wouldn't have this viral word of mouth." Fashion is seldom treated as a democratic industry, but the approach has paid off handsomely for Threadless. Every T-shirt that the company has put into production has sold out within six months, compared to the 80 percent failure rate common at many traditional T-shirt shops. "We can listen to our users and know exactly what they want," DeHart says.

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