

Innovation/Web 2.0

The Global Human Capital Journal

Building an Enterprise 2.0 System that Capital Markets Employees Will Use

By Christopher S. Rollyson —Saturday, 29 September 2007

A Glimpse Inside the Emerging Divide between Wall Street Professionals—How Many Goldman Employees Are on Facebook?

The Global Human Capital Journal's [coverage](#) of Financial Markets World's [Web 2.0 in the Capital Markets Industry](#) conference continues. In this session, Tom Steintal of the BSG Alliance wrapped the conference by crystallizing several Web 2.0 concepts with passion and panache. Tom is Managing Director of BSG Alliance's Financial Services practice. Previously he has managed equities technology teams at Goldman Sachs, Donaldson, Lufkin & Jenrette, Credit Suisse, JPMorgan Chase and Prudential. Further back, he led Nasdaq technology teams and designed and implemented Nasdaq trade order management and market making systems. He has been a member of various Nasdaq and NASD technology committees and has been Series 7, 3 and 55 licensed.



Wall Street firms will increasingly get caught up in several threads of culture change, but he emphasized two: the generational divide and, related to it, collaboration vs. control. In this context, "building an enterprise 2.0 system 'employees' will use" must take into account very different styles of working and sensibility—and they must be able to play together well. As is customary, we summarize Tom's remarks before adding our analysis and conclusions.

Broad Themes

- The push economy is over; the new way to collaborate is to iterate (in the sense of fast software development). Set expectations, put ideas or information offerings out there (on a blog) and let stakeholders comment and contribute to fleshing out (or trashing; kill losers fast) the idea. Tom also pointed out that productivity is shifting from personal (read "in a cube") to group (read "social") productivity.
- Eye-opening stats from his presentation: How many employees are using Facebook at Goldman Sachs?
 - Goldman Sachs - 5,510 or 19.7%
 - Deutsche Bank - 7,636 or 11.3%
 - Lehman Brothers - 2,951 or 10.4%
 - UBS - 8,101 or 10.4%
 - Morgan Stanley - 5,689 or 10.3% (Adam Carson is probably [responsible for many of them](#))
- Tom pointed out that the "junior staff" is native with Web 2.0 tools. They are wired completely differently in that they work by "social collaboration." Echoing this, Adam Carson puts it bluntly, "Basically Morgan Stanley faces the choice of forcing the younger generation to learn the old way of doing business or adapting to new models of work and organization." This shift in generational sensibilities will be an interesting cocktail when consumed within investment banks, many (most) of which are not very group-oriented today.
- Referencing Anne Truitt Zelenka's seminal "[Busyness vs. Burst article](#)," Tom described the "new knowledge worker" (somewhat too predictably the "knowledge worker 2.0" ,^):
 - The Knowledge Worker 1.0 (picture balding man, wire rims slipped halfway down nose, holding a dictionary) is defined by: limited location and role, stuck at a desk using email and standard tools, custodian of information (read "monger"), inside the wall, sees knowledge as a process (light on brainstorming), and uses rigid ways of organizing information. Behaviorally, he expects immediate response to emails, he's always available, believes that Web surfing (probably still uses the phrase) is a waste of time.
 - The Knowledge Worker 2.0 (image 20-something, edgy but not too chic glasses and coif) has these characteristics: all

over the organization, broad skills on a solid base, uses many tools, no particular age, connects with colleagues, peers and client in communities everywhere, understands how things get done, is knowledgeable, engaged, and contributing, and shares and distributes information freely. Behaviorally, she may not respond to email at all; she's probably chatting with 1.0 and has attached several files and links, but 1.0 has forgotten his login and never thought to check in the first place. Many 2.0s don't use email terribly often; one speaker recently even reported having to have "email classes" for new hires!

- 1.0 was "busy" and concerned with face time, 9 to 5 (and defined benefit), while 2.0 is "bursty"; she's on Facebook and other social network sites all the time, but management doesn't get that students use Facebook as a collaboration platform, and ideas come from anywhere, especially social places. To 1.0 colleagues (and bosses), she doesn't seem to "work" but "somehow" produces excellent work.
- Tom pointed out that organizations need 1.0 and 2.0 workers; it's all about balance.
- Organizationally, we're shifting from hierarchical, closed, managed companies to peer-oriented, open, self-organizing enterprises (sounds familiar).



Leading the Transition to Enterprise 2.0 at Capital Markets Firms

So how do enlightened managers make this shift happen gracefully? Here are Tom's observations and suggestions. Use several approaches to driving change:

- Top down: blog what's on your mind, let people respond to it and turn it into a conversation. This is leading by example, and executives of capital markets firms should take note. Encourage people to use wikis to manage meetings. Drastically reduce email volume by using RSS for employee and reporting processes.
- Bottom up: mandate teams to jettison (fat client) office suites for creating project documents. Use wikis because they are much more efficient. Try [zoho](#) online collaboration software, [google docs](#) and [twitter](#). Of the latter, Tom said that, although it has been mostly known for cell phone SMS blogging, it's invaluable for global project teams because they stay in touch and become aware of work rhythms.
- His message to MDs (managing directors): encourage top down and bottom up as fast as you can.
- Leadership needs to adjust incentives, away from superstar individualists to group. People can compete very effectively in groups, too, but incentives must resonate with group collaboration, and they don't now, at most firms.
- Mashups aren't ready yet; IT must step on it to build APIs (I think he meant "pedal to the metal SOA so you can expose everything as services").
- Obviously, Wall Street poker is a major deterrent to collaboration and sharing; since information can make or break deals, the industry's DNA is to play cards close to the vest. That will be hard to change.
- Tom's the second person to say this recently. You don't have to show people *how* to adopt enterprise 2.0 because it's so easy.. but you have to show them *why* because it's counterintuitive for knowledge worker 1.0s.
- When you can, turn people loose and let them solve real problems with the new tools; that way, your firm can understand the potential.

Analysis and Conclusions

- Enterprise 2.0 will happen, and firms will be well served to adopt as early as is feasible. In a different but highly congruent context, I have seen quantum leaps of performance improvement when making transitions like this. For example, in enterprise software development, going from long-cycle, waterfall development to short-cycle, iterative development is an incredible leap that people can't possibly appreciate until they do it. Waterfall development features a long, upfront requirements phase, which is followed by a much longer development cycle. In iterative development, requirements are done in short bursts that are followed by development and extensive client communication. This works much better because change in the business world is constant, and shorter cycles accommodate change much better because they're in sync. All these enterprise 2.0 tools work on a similar principle: bursty, frequent communication that's highly leveraged.
- Saying that employees should collaborate more is easy for anyone to say, but it is difficult to communicate the profound change that this represents. As I have [written extensively](#), for most of human existence, information has been scarce, and people derived power by hoarding it. In the Knowledge Economy, information is everywhere, and it ages quickly; people gain much more leverage by sharing and collaborating, in fast cycles. This is a profound change that few people and workers appreciate. Much discontinuous change will happen around it because it's under the radar.

- Picking up on Tom's comment (and passion) for blogging, "putting things out there and iterating": customers increasingly love this type of engagement and participation. Give them the choice to participate. I would go a step further by saying that they will increasingly expect the ability to collaborate with you; being part of the process actually gives them more utility. This is hard for product-centric companies to understand; the value will, especially for the Web 2.0 generation, migrate away from product and service to the collaborative process and relationship with you. No, it won't happen overnight, but this will increasingly be a factor in winning and retaining customers.

About the Author

Christopher S. Rollyson launched *The Global Human Capital Journal* in 2005 to address the most poignant issues of day for chief executives, namely global transformation, the reinvention of the enterprise, technology and culture. Mr. Rollyson has been a technology and marketing visionary and pioneer for over fifteen years, with distinction in corporate strategy and innovation. As a consultant and marketing executive, he has had a leading role in launching such game-changing offerings as: Java with Sun, e-business strategy with PwC Consulting, and SOA, Web services and architecture solutions with IBM and nVISIA. In 2006, he launched The Consumer Empowerment Adoption Curve™ and Transourcing™, a new approach to innovation that leverages high performance collaborative partner networks. He currently advises global enterprises on collaborating with Web 2.0-enabled customers—to drive innovation and to engage emerging markets.

Recently the Vice President of Marketing at nVISIA, he developed executive marketing programs and service offerings to drive the value of software transformation through service-oriented architecture and Web services, working with IBM, Rational and Grand Central. Previously a subject matter expert for e-business and knowledge strategy in PricewaterhouseCoopers' Strategic Change practice, Mr. Rollyson developed original models and services frameworks for e-business strategy consulting. He consulted to clients in automotive, software, telecoms, consumer electronics, chemicals and petroleum industries, advising global enterprises in e-business strategy and technology start-ups on innovation and business strategy. Prior to PwC, he led marketing for KPMG's Midwest High Technology practice, where he built one of the firm's first intranets to transform the marketing organization to a real-time team. Before that the head of marketing at a leading edge Java consultancy, he played a key role in co-launching Java via marketing alliances with Sun and Netscape. Mr. Rollyson has done graduate work in corporate strategy and economics at the University of Chicago, with additional studies at Die Freie Universität Berlin, L'Université de Clermont-Ferrand in France and il Liceo Americano d'Aviano in Italy. He earned his undergraduate degree from Kalamazoo College. <http://rollyson.net>

About the Global Human Capital Journal

The Global Human Capital Journal addresses the global shift from the Industrial Economy to the Knowledge Economy, which is changing how human beings work and deliver value. In the Industrial Economy, products encapsulated the value of human work; in the Knowledge Economy, information produces the lion's share of value, and customer experience itself is the focus of commerce and government. A greater degree of collaboration among people of the world is possible than ever before, and increased interaction will bring unprecedented surprise and opportunity, especially because the potential is great to "level the playing field" among people of the world. Obviously, these developments hold significant ramifications for business and organizational strategy.

Global Human Capital covers two prongs of economic transformation: 1) strategically, how organizations can rejuvenate their relationships with customers and constituents by collaborating with them to drive innovation and 2) operationally, how organizations can build strong collaborative cultures and skills to engage the world's emergent network of expertise, both within and without their walls. We analyze how global sourcing and collaboration are transforming enterprise and government organizations, as they transition from relatively self-contained, closed entities to more networked, open organizations.

Current categories (threads) are: Beyond Sourcing; China, India and Globalization; Economy; Innovation/Web 2.0; Technology/Leaders; and The Enterprise. Please visit us at <http://globalhumancapital.org>

