

# Economy

The Global Human Capital Journal

## Noodle V: Geography 3.0, What It Is and What It Means

By Christopher S. Rollyson — Tuesday, 1 April 2008

### A New Synthesis in the Knowledge Economy—Fast Forward to the Past—Plus, The Fire

Noodles are largely driven by intuition and holistic mental doodling, and this one has been simmering a long time\*. I believe that there is profound meaning in virtual and literal "mobility," and I'll explore its significance in terms geography and human relationships. Geography has always had a profound impact on how humans have lived and the organizations in which we have lived, and when its meaning shifts, our lives are transformed. This is of paramount importance because human relationships are currently transitioning from geography-based to interest-based. **Many governments and businesses harbor business rules that assume geography-based relationships, and, unless they appreciate the shift to interest-based relationships, they will experience disruption's spin cycle.** Lose a turn. Don't pass go ,^)

Before exploring how these things will unfold in Part II, let's review three geographies and four economies here in Part I...

### Two Geographies and Three Economies

**Geography 1.0** was mobile and hyper-local. We lived according to a **Hunter-gatherer Economy** until the Neolithic Revolution, when we ceased being nomadic and began farming. In Geography 1.0, we were mobile as a function of our food sources, and we had only as many possessions as we could carry and defend. The largest hunter-gatherer tribes numbered only 150 people. To this day, the average person can retain a vivid working memory of about 150 people. As *homo sapiens*, we have lived this way for most of our existence, from the emergence of *homo sapiens* 250,000 years ago until the Neolithic Revolution, roughly 10,000 years ago. Think about that a second—for 240,000 of our 250,000 years as a species, we lived in groups of 150 or fewer. This is even more profound if you extend the definition of human beings before *homo sapiens*.

To nomads, land itself holds little meaning; it is the resources on the land that are important and, since they move, people move. Power and influence were largely played out within the tribe. When tribes had conflicts, it was generally over resources, not land, and the vanquished simply nursed their wounded and found somewhere else to hunt. Life was real-time since there was virtually no means to store food. Notably, people had much more free time (about 50%).

**Geography 2.0** was a striking antithesis because humans learned to grow sustenance from the land. In this game, specific location mattered tremendously. If your field produced twice as much, it was worth more than your neighbor's across the road. However, the **Agrarian Economy** held its own risks: months of investment could be made in vain in the face of calamity or invasion. Nonetheless, it was very successful since it was much more scalable than its predecessor, and people could mitigate risks by storing resources. Human populations increased substantially. Hunting and gathering shifted to being support activities; they were still important, but the focus was producing food, not finding it. Boundaries and wars over them became economic realities.

The **Industrial Economy** was a variation on this theme because it was still land-bound. Factories were not very easy to move, and raw materials and food were directly related to land. Colonization was an approach to securing cheap raw materials and export markets for finished goods. The Industrial Economy saw humans attain mastery over many aspects of physical power through machines. We learned how to apply economies of scale to virtually all aspects of the economy. But although the Industrial Economy model created unprecedented wealth, today it is beginning to show diminishing returns: firms in all industries struggle with production overcapacity. In an increasing portion of societies around the world, the ability to produce has outstripped the ability to consume. This has precipitated a crisis for global enterprises because they are producers, and production doesn't produce the value it once did. The old saw isn't a joke now, "Don't worry about profits, we'll make it up in volume."

However, Geography 2.0 was locally oriented for the majority of humans. How local? As recently as the Middle Ages, the average person would travel at most within a seven mile radius of the town—because a horse could travel fifteen miles in a day, and there were no maps. Until the latter part of the 20th century, a very minor portion of the population was able to travel widely and experience other parts of the world and to form relationships with other people there. During the Industrial Economy, the Agrarian Economy was alive and well, but its activities morphed into being a support infrastructure for industry—as hunting and gathering had done. With few exceptions, humans produced their highest value-add through making things of value, not growing food. The economic Zeitgeist shifted from the land, plants and animals to machines and things mechanical because they produced the highest value. The activities and products of the Agrarian Economy remained vital, but commoditization increasingly became a problem. Moreover, people applied industrial processes to agriculture.

### A New Economy and Geography

**Geography 3.0** combines elements of 2.0 and 1.0 into a distinct new synthesis, and it is unfolding within the new **Knowledge Economy**, which is built on the outputs of the Agrarian Economy and the Industrial Economy. As the Agrarian Economy shifted to being a support infrastructure for the Industrial Economy, so is the latter becoming a necessary but less valued support infrastructure for the Knowledge Economy, where the lion's share of value is created. In the U.S., three percent of the population is engaged in farming, down from a majority at the dawn of the 20th century. The U.S. population engaged in industry has been falling precipitously since the 1970s, and some experts posit that it will eventually reach about three percent as well. As most farms today are run as industries, so will industries be increasingly run as knowledge enterprises. Notably, information technology (I.T.) is a vital element of this support infrastructure: yes, I.T. matters ,^) but the focus of the Knowledge Economy is on relationships, people and collaboration. I.T. is becoming increasingly invisible and automatic.

### Synthesizing "Geographies"—Forward to the Future

The table below is a quick attempt to contrast the three geographies. The main takeaway for me is that many aspects of Geography 2.0 may well prove to have been anomalies; In Geography 3.0, we may be "going back to our Geography 1.0 roots," except differently. According to [Wikipedia](#), bands are the smallest human groups: "Bands comprise small, mobile, and fluid social formations with weak leadership, that do not generate surpluses, pay no taxes and support no standing army."—and tribes are often comprised of several bands. But bands and tribes usually denote a kinship connection, which is not the Geography 3.0 context.

Geography 2.0 changed everything: agriculture was all about scale—large groups of people cooperating in defined roles—and hence hierarchy and structure. Industry just continued the pattern. In Geography 1.0 and 2.0, location was a primary determinant of connections. As people developed increased wealth, the concentration of population grew around the means of production. For most of Geography 2.0, people within settlements knew each other, or the family another person came from. They often collaborated and worked together in the field or factory. They had a palpable sense of shared destiny. Only in the latest stages in which an increasing portion of total population urbanized did people live in groups too large and diverse to know other people. The "modern" pattern of having the urban majority of the population living in anonymity within a sea of people is a fairly new development. By the way, mass urbanization is a global phenomenon; China, India and parts of Africa are urbanizing with alacrity, and "western" countries are already largely urbanized.

	Geography 1.0	Geography 2.0	Geography 3.0
Community size	150	1000s	1,000,000s
Economic focus	Hunting animals, gathering food	Producing food and tools via farming and industry	Producing (digital) knowledge products
Relationship focus	The band, tribe	The field, the town	The work, the (virtual) tribe
Leadership style	Weak, consensus, shared	Strong, structured, hierarchical	Hybrid
Collaboration model	Fluid, flexible	Structured, inflexible	Fluid, flexible
Connection rationale	Kin, location	Location	Interest

But let's look at what Geography 3.0 might be like. The community size is far larger for an increased portion of the total population

("urban anonymity"). Knowledge Economy work has less to do with physical proximity than ever because most people are not engaged at producing food or manufactured products. They are helping customers to have experiences through service, communications, advice, media, research, trading, transactions, etc. Many of these activities do not require collaborating face to face, especially since an ever-greater portion of the population is comfortable with asynchronous communication *and* digital tools are getting more advanced (free video conference on your laptop, coming soon to everybody's mobile phone).

So, I feel comfortable predicting that Geography 3.0 will be about "digital tribes" that coalesce and disband around interests and work. Obviously, they will often exist within large community sizes, but that's a support element because there is considerable crossover between digital connecting and physical connecting. Connections are usually stronger faster if you can connect both ways, and huge community sizes enable that. The difficulty is getting the other person's attention and commitment and having a vision for what you can do together—because you both have so many other opportunities. The leadership style is uncertain to me at this point, but I posit that it will be closer to Geography 1.0 than 2.0. The big change is the "connection rationale," which is largely untethered from geography.

The work is situational, relationship-based and discontinuous, much more like hunter-gatherer work. We aren't hooked up to a huge apparatus that we must serve because it's so capital intensive. We dial in, connect, work and drop off. The work is mobile. Hypothesis: there is an element of Geography 3.0's organization that is far more familiar—unconsciously—than the structure of Geography 2.0. To see it, we need to get over the fear of change and learn to connect and collaborate with digital tools.

### The Fire, Part I

Okay, this has hopefully been an interesting history reflection, but where's the fire? To get to that, let's examine the significance of "connection around interests." Simply, this means that people can a) find each other given any criterion they can imagine and b) collaborate at an unprecedented low cost. For example, if I'm interested in temporary tooth tattoos of cartoon characters that are RFID, I can find people who are talking about that, irrespective of time or space. Ditto for glasspack mufflers for offroad vehicles or making dioramas of B-17Gs... Not only that, I can collaborate with people by listening and adding to the conversation *at the time that's lowest cost to me*. Ditto for everyone else in the group. Few people earn their livelihood from B-17G dioramas, so in Geography 2.0 they would have rarely connected and geeked out with each other. Today, they are located in all theaters (continents), and they share ideas and innovate. Low cost asynchronous digital communications increasingly includes video, which is still not the same as being there, but it's richer than text or voice.

[CEOs of global enterprises face an innovation crisis](#). Industrial Economy companies have never been innovation enthusiasts because innovation threatens to change their carefully optimized processes, and their DNA has been efficiency. They're horrible innovators. But customers consume novelty very quickly, and innovation is critical to engaging customers. In the Knowledge Economy, *innovation will be free because customers will innovate for fun and other customers will buy their innovations for fun*. Knowledge and innovation are social.

If you think that sounds trivial, consider this: enterprise "innovation specialists" could never satisfy the innovation need by themselves because they are too expensive and their capacity and customer insight are too limited. Customers are the only ones with the scale and scope to do the heavy lifting, and smart companies will carefully mix their experts, processes and other competencies with customers and add tremendous value. And customers will love them for it because they will have multidimensional relationships with what those companies do *because they are doing it, too*. That's Geography 3.0. More on this in Part II.

\*For key precursors, see:

- [The 3.x Economies](http://tinyurl.com/4rkrux) => <http://tinyurl.com/4rkrux>
- [The Knowledge Economy: The Ultimate Context for Understanding the Future](http://tinyurl.com/4pb8bh) => <http://tinyurl.com/4pb8bh>
- [Even more here](http://tinyurl.com/4t6tv9) => <http://tinyurl.com/4t6tv9>

### 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.

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