

Web 2.0, Wikis and the Wisdom of the Crowd

The masses have spoken, and they're not as crazy as you might think



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Brock Dickinson
PARTNER WITH
MILLIER DICKINSON
BLAIS INC.

If you've been following the buzz in business technology lately, you've probably started to hear a lot about something described as “Web 2.0” – a kind of new and improved version of the Internet that uses things like “wikis” as a way of creating new business opportunities. It all sounds very exciting and mysterious, but it's sometimes hard to separate the hype from the useful information.

Web 2.0 is a very loose term that's sometimes used to describe a new wave of online technologies that rely on mass participation and mass collaboration. And a lot of the hype may be true... it could well change the way that business is done in the future.

We used to believe that when a large group of people got together, the usual result was mass foolishness and pandemonium. Big crowds, we thought, have an unfortunate tendency to do unproductive things, from riots to traffic jams to mass hysteria. A Victorian scientist named Charles MacKay was the leading thinker in the field, and the title of his greatest book *Extraordinary Popular Delusions and the Madness of Crowds* told us everything we needed to know about the ability of groups to accomplish anything meaningful.

With the benefit of another couple of hundred years of research, we now know that groups actually make pretty good decisions. As early as 1906, researchers in England found that among a group of 800 people trying to guess the weight of an ox in a contest at a country fair, no one guessed the correct weight. But when the researchers averaged the 800 guesses, the result was within one pound of the ox's actual weight.

This same principle is now driving changes in the way the Internet is built and maintained. One of the most popular websites in the world is Wikipedia, an online encyclopaedia that is created entirely by armchair enthusiasts and amateur researchers. Wikipedia has more than 9.1 million articles in 253 languages, including more than 2.1 million articles in English, making it one of the largest repositories of knowledge in human history. A 2005 study published in the scientific journal *Nature* found that despite media hype to the contrary, Wikipedia had an accuracy rate consistent with that of *Encyclopaedia Britannica*. Suddenly, large groups of people are looking intelligent and productive (and capable of writing entire encyclopaedias), rather than mad and delusional.

As a result, “wikis” like Wikipedia have taken the online world by storm. The word “wiki” comes from an indigenous Hawaiian expression meaning “quick”

or “hurry up,” but in the language of technology, it has come to mean a tool or program that allows large numbers of users to collaborate and cooperate quickly and efficiently on projects. And just as wikis can help create millions of encyclopaedia articles almost overnight, they can be used for a range of business purposes too.

The poster child for using wikis in business is Canadian mining giant GoldCorp. In the late 1990s, a young mutual fund manager from Toronto named Rob MacEwen acquired a controlling stake in the company, which was seen as a played-out, has-been operation with emptied-out mines long past their productive lifespan. But in 2000, MacEwen launched the GoldCorp Challenge, shocking the highly secretive mining industry by throwing open 50 years of confidential mining data and information, and posting it online for the whole world to see. MacEwen invited people to look at the data and tell him where they thought there might be gold. Soon, armchair prospectors from around the world had identified more than 50 dig sites that GoldCorp itself had never considered – and 80% of those produced gold. GoldCorp's stock soared some 3000% and the company itself grew in value by more than 9000%.

Essentially, GoldCorp proved the value of the wiki in a business context. Dozens of multinational corporations have rushed to follow, from toy maker Lego and its new customer-designed product line, to automaker BMW with its online Virtual Innovation Agency, where engineers and car enthusiasts from around the world can design improvements to BMW vehicles.

Now the push is on to find ways that wikis can change small business. The power of mass collaboration – exploding through websites like Wikipedia, Facebook and YouTube – is a sign of an economy and culture undergoing a massive repositioning. Ignoring this change is not a solution, but embracing it and the range of new business opportunities that it is unleashing may lead us in some exciting new directions. Just ask GoldCorp. **BN**

Brock Dickinson is a partner in the economic development consulting firm of Millier Dickinson Blais Inc., with offices in Toronto, Hamilton and Sydenham. He has worked with hundreds of companies and communities in more than 50 countries, and teaches economic development at the University of Waterloo. He lives in Niagara.