



**Shamrocks and Nanocorps:
Business Model and Technology
Innovation to Bridge the Digital Divide**

2001 Net Impact Conference

Track: Integrating Conscientious Business and Profitability

*Session: **Digital Divide***

*Presenter: **Sohodojo****

03 November 2001

*** Jim Salmons and Timlynn Babitsky**
Founders and Research Directors

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Hello, my name is Jim Salmons. Together with my wife and business partner, Timlynn Babitsky, we are the founders and Research Directors of Sohodojo.

Today I want to share with you Sohodojo's ideas for business model and software technology innovation that can be applied as an alternative strategy for rural and distressed urban economic development. That is, we'll talk about Shamrocks and Nanocorps, the Small Is Good Business Web business model...



Sohodojo is the “War College” for the Small is Good Business Revolution and home of the nanocorp.

- An **applied R&D lab** supporting *entrepreneurial free agents* (nanocorps) and *dejobbed small businesses*
- Develop business models and associated Open Source software technologies consistent with Small is Good Business Web organizing principles and *their emergent new market dynamics*
- 501(C)(3) nonprofit corporation with a research and education mission

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Sohodojo is an applied R&D lab supporting *entrepreneurial free agents* (what we call ‘nanocorps’) and *dejobbed small businesses* — the elementary units for building *Small is Good Business Webs*.

Sohodojo researches, develops, pilots and diffuses new business models and their associated Open Source software technologies that leverage the Small Is Good organizing principles and their *emergent new market dynamics*. This emphasis on the emergent new market dynamics is an important element of our solution proposal as we’ll see in this presentation.

Sohodojo serves its rural and distressed urban constituents as a tax-exempt, non-profit corporation chartered to fulfill this focused research and educational mission.



Our goals for this presentation are modest and intended to start a dialog with those interested in working with us.

- Framing The Digital Divide Challenge
- Shamrocks and Nanocorps - Structural Elements of a Digital Divide 'Bridging' Solution
- Solution Design Part 1: Role/Actor Executable Business Models
- Solution Design Part 2: Story-driven, Game-oriented e-Commerce
- What's Next?

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This will be a 'whirlwind' tour through the BIG IDEAS Sohodojo has about small business. Don't worry about taking notes. At the end of the presentation, I will give you a URL for an on-line copy of these materials and links to related content.

We'll start by briefly framing the Digital Divide problem and how we can apply a Small Is Good solution to it.

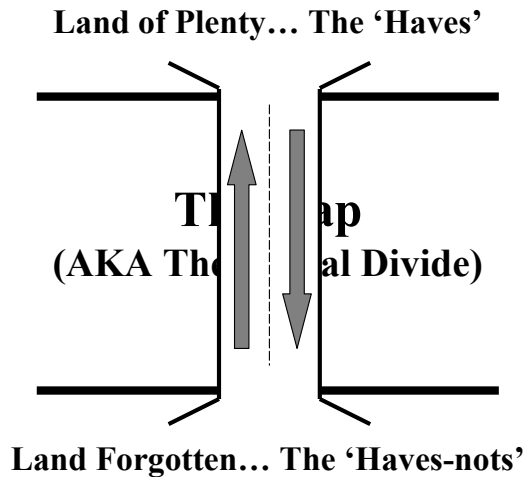
We'll look at the structural elements of our Shamrocks and Nanocorps Business Web model and see how it addresses the unique challenges of sustainable enterprise as a bridge across the Digital Divide.

Once we understand this structural model, we can quickly survey the elements of the technology infrastructure, the software platform, needed to support this business model. These solution elements are role/actor executable business models and story-driven, game-oriented e-Commerce.

We'll end the presentation with a quick survey of some Next Steps... where Sohodojo is headed and how you can get involved in helping to shape the Small Is Good Business Revolution.

Solutions to the Digital Divide are not all 'rescue missions' to bring folks *across* the Gap. We need to build bridges, too.

- Access without opportunity for sustainable participation is an empty promise.
- Let's envision a solution leveraging Small Is Good dynamics...



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Too many **big government agencies** and **big businesses** are looking at the challenges of the Digital Divide simply as **market opportunities** to be filled with product and program offerings... offerings which may *hurt* as much as *help* those in need of access and participation in the New Economy.

Turning rural and distressed urban neighborhoods into places 'just like us'... that is to **urbanize rural areas** and to **suburbanize distressed urban areas** under the assumption that this raises the Quality of Life is short-sighted.

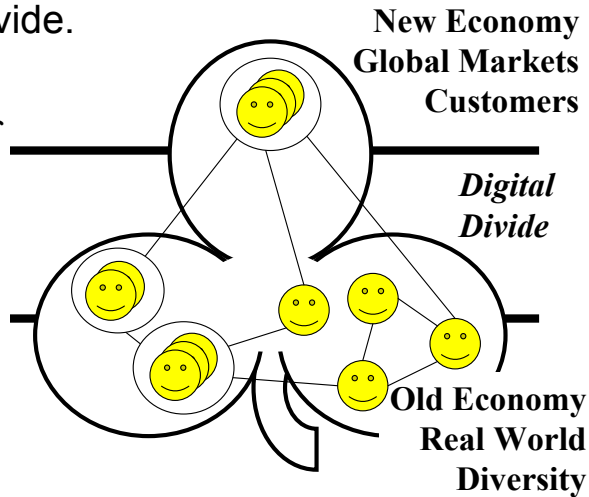
Turning rural and distressed urban folks into an **army of skilled workers** and **insatiable consumers** in perpetual service to the machine of Big Business is wrong-headed. It's built on a presumption of **constant and ever-expanding economic growth** which is dangerous to all our futures.

Let's imagine a fundamentally different solution... one which taps the 'other side' of capitalism, the Small Is Good side.

Shamrocks and Nanocorps:

Business Webs of 'Small is Good' partners working together can *bridge* the Digital Divide.

- Resilient, nimble **elastic networks** of **entrepreneurial free agents** and **innovative small businesses** can succeed where others falter.



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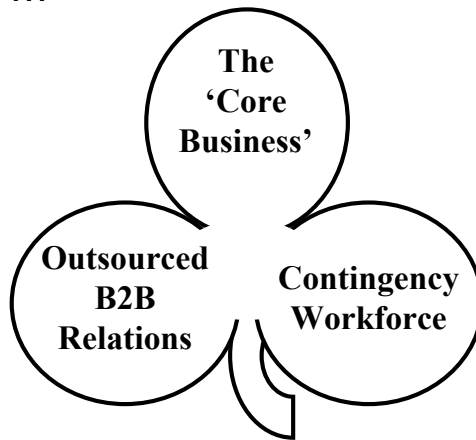
Here's a graphical image that captures the **structural elements** of a Small Is Good Business Web.

To use Tapscott, Ticoll and Lowry's **business webs terminology** from their book, "**Digital Capital**", this is an **Agora-based Value Chain** business web. It is designed to be **decentralized** and **distributed** in order to be fine-grained enough to allow solo entrepreneurs and "working families" to participate regardless of their physical location.

The **Small Is Good Business Web** is a creative model for sustainable enterprises to bridge the Digital Divide. To understand its composition, let's quickly break down the model to examine its elements.

To understand '**Small is Good**' **Business Webs**, you need to understand Charles Handy's **Shamrock organization** and its three 'leaves'...

- The '**Core Business leaf**' is increasingly '**dejobbed**', **project-based** and subject to '**fewer doing more**' competitive pressures.
- Free agents and small businesses abound in the other two leaves.



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A **Small Is Good Business Web**, like virtually all business organizations in today's competitive and changing world, is **Shamrock-based**; that is, the organization reflects a web of **three inter-related leaves**. The **core leaf** is the **context-provider**, a 'fewer doing more' culture that is increasingly dynamic and project-based.

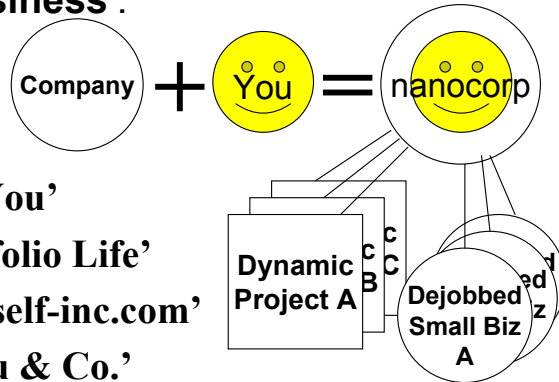
The persistent members of this core company tap the resources of the other two leaves to outsource non-core services and development and to balance the core company's labor requirements through flexible relations with a contingency workforce of 'temps' or what Dan Pink refers to as the citizens of Free Agent Nation.

Interestingly, all three organizations represented by the members of this panel are Shamrock organizations. **Ms. Koon** would not hesitate to acknowledge that her **huge firm, Intel**, is a Shamrock organization. And from what we've read of **Mr. Fructerman's Benetech** business, we believe he too would agree that Benetech is being built as a Shamrock-based business web.

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In a Shamrocking world, **nanocorps** represent the convergence of 'employee' and 'business' coming together as the 'unary business'.

- *Fast Company* calls it the 'Unit of One'
- Tom Peters, 'Brand You'
- Charles Handy, 'Portfolio Life'
- Jim Schneider, 'Yourself-inc.com'
- William Bridges, 'You & Co.'
- Judith McQuown, 'Inc. Yourself'



Your nanocorp's
'Subsidiary' Portfolio

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What is different about our Small Is Good Business Webs is that the **nodes** in our webs are composed of **special types of small business**... these are **nanocorps** and **dejobbed small businesses**.

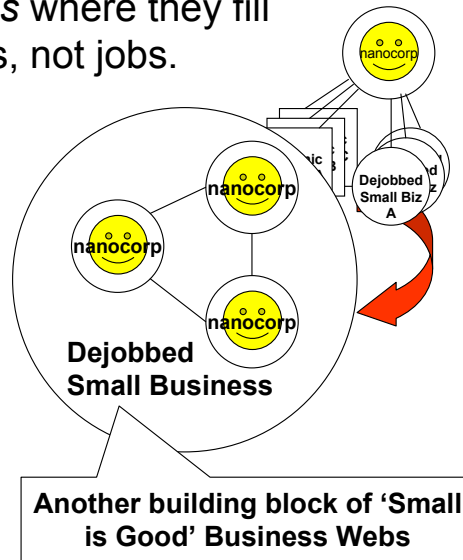
Nanocorps are simply the recognition of the convergence of the concept of 'employee' and 'business' to form the **unary business**. You are in charge. You are responsible for your future. You find and keep your package of fringe benefits. You develop your own safety net for whatever form of retirement you envision. You are the architect of your own portfolio life.

While the *smallest* nanocorp is a **solo entrepreneur**, it is *not limited to this singular fine-grain*. Timlynn and I together form **JFS Consulting Inc.**, a North Carolina nanocorp, for example, because we are inseparable. We approach life and participate in it together.

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Groups of nanocorps form *dejobbed small businesses* where they fill contractual roles, not jobs.

- No employees and no fringe benefits
- Federation of nanocorp owner/operators share the profits and responsibilities
- Owner/Operators have 'first choice' for filling role-based work contracts of the business



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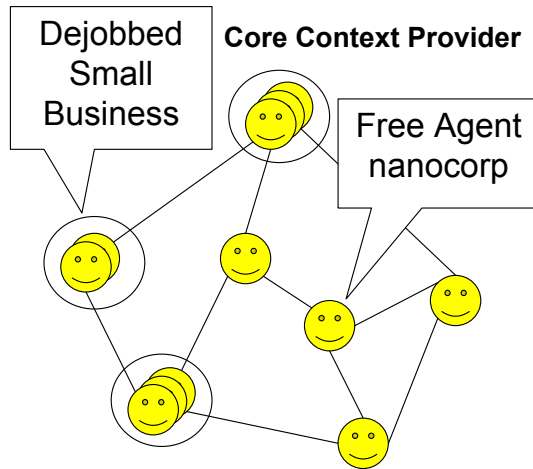
The second element of **Small Is Good Business Webs** are **dejobbed small businesses**. These are *elastic networks of nanocorps*. No employees, no fringe benefits. The **federation of owner/operators** share profits and responsibilities for the persistent activity of the business.

All working relationships between the dejobbed small business and its workers are **temporary project-oriented contracts**.

The **dejobbed small business** is, in effect, the **branding** of an elastic network of entrepreneurs who **trust each other** and **enjoy working together** in a shared problem or solution market space.

Free Agent nanocorps and Dejobbed Small Businesses are the basic building blocks of 'Small is Good' Business Webs

- These building blocks can be 'players' in the **Outsource and Contingency Worker** leaves of a **Shamrock Business Web**.
- A **Dejobbed 'Small' Business** can be the **Core** of a **Shamrock Business Web**, too!



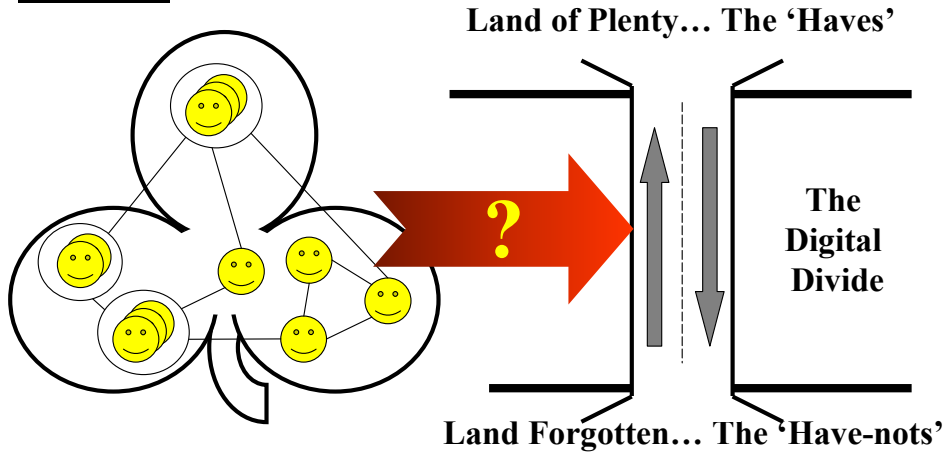
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Nanocorps and dejobbed small businesses are the basic building blocks of **Small Is Good Business Webs**. A cornerstone of this Shamrock-based model is the **most persistent 'core leaf' firm**, that is, the **context provider** that enables the *composition and exchanges* within the Business Web.

Putting all the pieces back together again...

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Now... back to the Digital Divide. How do we bridge the Gap with Shamrock-based 'Small is Good' Business Webs?

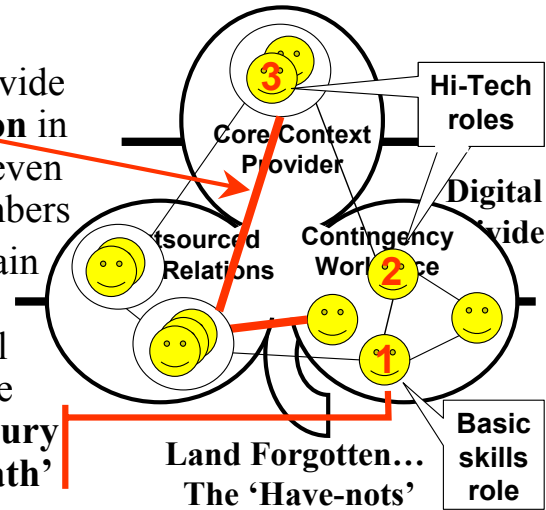


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We have the structure of our business model... a **Shamrock-based Business Web** composed of **nanocorps** and **dejobbed small businesses**. This model is *intentionally fine-grained* to address the unique challenges of **sustainable enterprise to bridge the Digital Divide**.

A Small is Good Business-Web is a fine-grained **elastic network** providing access, participation and mobility.

- **Value-chain paths** provide access and participation in the New Economy for even 'low-tech' B-Web members
- B-Web members can gain skills and experience to 'cross the Divide' to fill hi-tech role-nodes in the B-Web... the 21st Century version of a 'career path'



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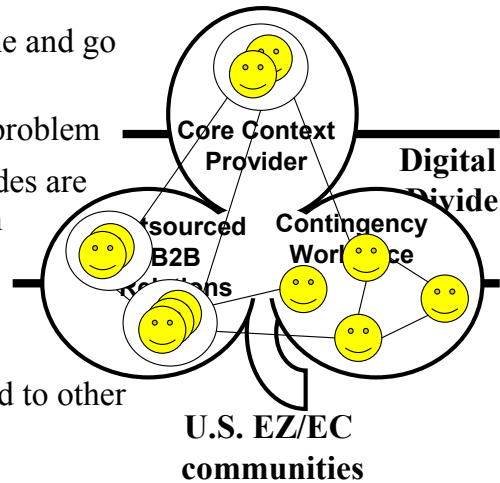
The **Small Is Good Business Web** model provides **value-chain paths** for access and **participation** in the New Economy, even for 'low tech', less-skilled members of the web.

As you see here, the Digital Divide can be seen **not as an 'either/or' chasm** to be crossed, but rather it is a **'skills/experience' continuum** of differential levels of personal participation in the increasingly Internet-based economy.

Role-based employment opportunities within the nodes of Small Is Good Business Webs offer the 21st century equivalent of a **career path**.

Shamrock-nanocorp 'Small is Good'
Business Webs have many of the same
properties of the Internet itself.

- **Resilient** – 'nodes' can come and go without breaking the web
- **Scalable** – more nodes, no problem
- **Adaptable** – innovative nodes are encouraged, 'viral' innovation
- **Build-able piecemeal** – Investment needed only at 'node' level, no 'Big Bang'
- **Repeatable** – Can be cloned to other products and markets



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The **design advantages** of the **Small Is Good Business Web** are similar to the **design advantages** of the **Internet** itself. Small Is Good Business Webs are *resilient*, *scalable* and *adaptable*. They can be *built piecemeal* and, most importantly, they are *repeatable* for other products, services and markets.



What software infrastructure is needed to enable the dynamics and org structures of Small Is Good Business Webs?

- Role/Actor Executable Business Models
 - Frameworks support model cloning with instance-specific customization
 - Flexible, scalable composition of decentralized, distributed value chain business webs
- Story-driven, Game-oriented e-Commerce
 - New markets of “**Who, How and Why**” complement and compete with Big Is Good’s traditional “**How much and Where**” markets

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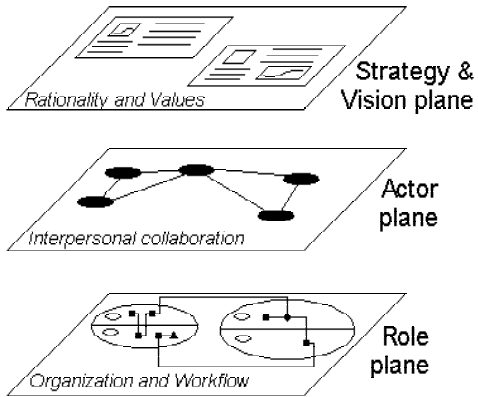
Okay. We have a described a *structural model* for our Small Is Good Business Web’s business model. But a business model isn’t worth much, however, if it can’t be *efficiently* and *effectively rendered* in **web-enabled, customizable** and **extensible software**.

Sohodojo’s mission is to *create, evolve* and *maintain* a freely available **Open Source software platform** that delivers breakthrough innovations in two domains; *role/actor executable business model technology* (that is, the ‘back-end’ infrastructure of Small Is Good Business Webs) and *story-driven, game-oriented e-Commerce* (that is, the infrastructure enabling the emergence of “**Who, How and Why**” markets).



Role/Actor Executable Business Model
technology is a software environment
existing in three planes...

- **Strategy/Vision** – a dynamic client-side view framework
- **Actor** plane – where social network dynamics play out
- **Roles/Organization** – where ‘real work’ is done

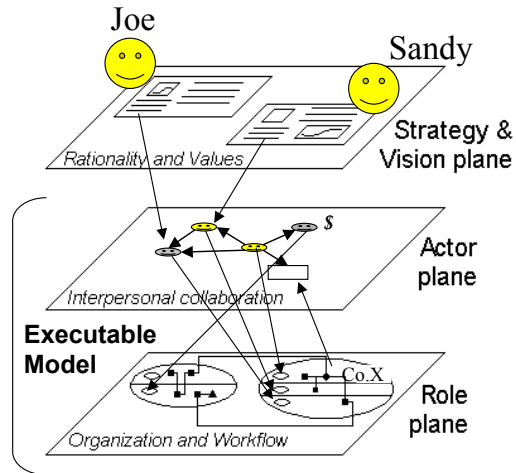


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Let's look at the system boundaries of a software architecture to support Small Is Good Business Web business models. This collection of software can be envisioned to exist on three planes; the client-side **Strategy and Vision plane** (what you might think of as 'application views' on a user's desktop) and the two intimately related planes that together compose the *executable model*, the **Actor plane** and **Role and Organization plane**.

As elastic networking evolves within the Actor plane, role assignments and organizational relations emerge.

- David Gelernter's "Mirror Worlds"
- Modeling entrepreneurial collaboration requires this *hypergraph* space. Workflow and project management software are not sufficient.



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Software enabling Small Is Good Business Webs will **richly model social network dynamics** that relate individuals to each other. The **Actor plane** models a social network of interpersonal associations that include such **non-role relationships** as **mentor, apprentice, trusted friend, subject matter expert, supporter** and so on.

The executable model comprised of the combined **Actor** and **Role planes** is roughly equivalent to the system envisioning described by David Gelernter in his landmark book "Mirror Worlds."

A Mirror World is what happens when a detailed software simulation model is instrumented to take its state from the Real World system that the simulation simulates. Small Is Good Business Web executable business models will be implemented as Mirror World style software systems.

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An effective Small is Good Business Web is not just 'back-end' collaboration. We need a *'horse of a different color'* in our e-Commerce model, too!

- To compete using the 'other side' of Capitalism, we'll need to innovate qualitatively different Internet-based shopping experiences to satisfy our customers.
- Create **“Who, How and Why”** markets to displace traditional **“How much and Where”** markets

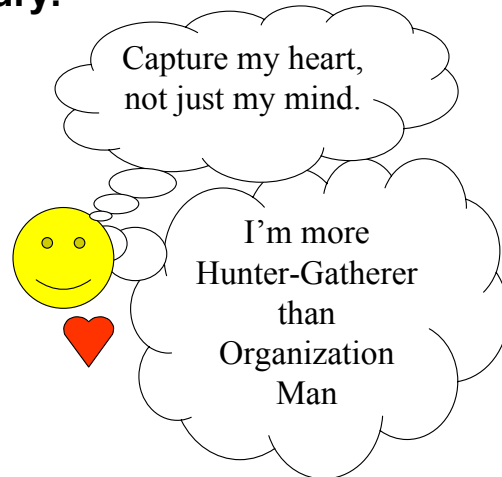
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It won't matter how well we implement a Mirror World based business web back-end system if the products or services to be offered are **piped into the Cold Cruel World** of existing **“How much and Where”** markets. Access without sustainable participation is an empty promise.

That's why we need to complement our Role/Actor Executable Business Model systems with a *disruptive competitive offering* based on new markets that **mediate “Who, How and Why”** transactions.

Rolf Jensen in “The Dream Society” tells us companies with the best stories will drive the marketplaces of the 21st Century.

- Jensen, Director of the **Copenhagen Institute for Future Studies**, predicts competitive advantage for companies selling *compelling stories* behind their products or services.



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The energy tapped by these emerging markets are derived from what Danish Futurist Rolf Jensen calls “**The Dream Society**.” Jensen asserts that significant competitive advantages will accrue to companies that wrap their product and service offerings with **compelling stories** which engage customers’ hearts (or emotions) as well as their minds. Increasingly affluent consumers, Jensen assures us, will search for **meaning in their purchases**, not just a rational “good buy.”

It will be difficult to find genuinely interesting, heart-felt stories that attach themselves easily to large, essentially faceless corporations.

For Small Is Good Business Webs, however, good stories are the *coin of the realm* and **good stories are everywhere!**



A Small Is Good B-web is a story-driven price-composing Agora - a distributed and decentralized Value Chains.

	Big Is Good Agora	Small Is Good Agora
Main theme	Dynamic pricing	Dynamic storytelling
Value proposition	Liquidity - goods into a desirable price	Meaning - goods wrapped w/ stories
Customer role	Market player	Coauthor and character
Knowledge focus	Timing - Market Intelligence	Trust - Community Building
Key process	Price discovery	Story discovery

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To reveal design points for a story-driven, game-oriented shopping experience, let's revisit Tapscott, Ticol and Lowry's "Digital Capital" and its taxonomy of elementary Business Web types. We can characterize the authors' **Agora Business Web** as a **Big Is Good Agora**. The authors implicitly assumed that *price discovery* was the only organizing principle around which an Agora might form.

As this table shows, we can expand the Digital Capital taxonomy to include the **Small Is Good Agora** that mediates **meaning-based value propositions** rather than the **liquidity-based mediation** typical of the Big Is Good Agora; **story-discovery** rather than **price discovery** as the web's organizing principle.

Sohodojo will develop an e-Commerce engine that leverages these unique design points of the Small Is Good Agora.

The key to igniting a sustainable Small Is Good Business Web will be implementing **both a role/actor executable model-based back-end system** and its complementary **story-driven, game-oriented e-Commerce engine**.



What's Next? Exciting times ahead. You are welcome to join us exploring the other side of capitalism.

eProject 

- City Folks, Country Folks - Eco-Village Networks, **Earthaven**, NC permaculture-based community
- Risks Ahead – Patents, Biz Models and Open Source
- **Open MBA Practicum Project** – Thanks to our *eProject corporate sponsorship*, you can help envision and build the **Squirrelefeeders.com Business Web** – individuals and school-based teams are welcome to participate in this web-based project
(See <http://sohodojo.com/projects/open-mba-practicum.pdf>)

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These are **Sohodojo's BIG IDEAS for small business**. *What's Next?*

We have seen the “**new face of rural America**” and it is best reflected by the *Permaculture-based eco-village* of **Earthaven** in western North Carolina. Timlynn and I have become Supporting Members of Earthaven. This is the first step in our intended plan to relocate ourselves and Sohodojo to Earthaven.

Risks that are bothering us? We don't like **business method** and **software patents**. We are concerned about the need for defensive patents to protect Open Source software developed as contributions to the Public Good.

On a more upbeat note, we are pleased to announce our **Open MBA Practicum Project**. Thanks to a corporate sponsorship by **eProject** of Seattle Washington, **Sohodojo** will host a distributed team of students, faculty, subject matter experts and invited guests *to envision and plan the launch* of the **Squirrelefeeders.com Small Is Good Business Web**.

eProject has donated seats to its Enterprise 4.0 project management service for members of the Practicum project. We will have a **full-featured web-based project portal** to enhance our team's collaboration. We want to thank eProject for this timely and most beneficial **corporate sponsorship**.



Thank you. **Sohodojo** appreciates the opportunity to tell you about the Small Is Good Business Revolution.

- E-mail is welcome, especially creative proposals for technology development collaborations:
mailto:hosts@sohodojo.com
- Visit **Sohodojo** (<http://sohodojo.com>).
- For a PDF of this presentation and related links visit **<http://sohodojo.com/net-impact-digital-divide.pdf>**
- **Open MBA Practicum Project** contacts welcome.

Thank you.

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Sohodojo appreciates the opportunity to tell you about the **Small Is Good Business Revolution**.

We welcome e-mail. We encourage your visits to our web site.

You will find a PDF version of this presentation and related links at **sohodojo.com/net-impact-digital-divide.pdf**.

We especially welcome student and faculty interest in our **Open MBA Practicum Project**.

Thank you for your attention.