



## Network Effects & the Collaboration Curve

*Building a stronger business through network effects & collaboration*

by [Andrew Cooke](#), [Blue Sky GPS \(Growth & Profit Solutions\)](#)

Network effects are becoming increasingly important for businesses; especially those involved in technology, as by understanding them you can not only build better products but also a better business.

A network effect occurs when a product or service becomes more valuable to its users as more people use it. For example, when people first started using telephones they had little value as there were very few other people who you could call. As the number of people who had telephones increased, then so did the number of people with whom you could communicate – this making telephones more valuable to those who had them. More recent examples of this include communication and social media applications such as Skype, Facebook, Linked-In etcetera.

Telephones, of course, don't perform better as you add more of them to a network. But people and institutions do. And that's where the concept of network effects gets more interesting - when you apply it to how people might perform better.

### **Example: World of Warcraft**

The online role-playing game World of Warcraft (WoW) provides an intriguing example. Performance in the game is measured by experience points, which are awarded to players as they successfully address progressively more difficult challenges. It takes roughly 150 hours of accumulated game play to earn the first 2 million experience points but players on average are able to earn another 8 million experience points in the next 150 hours of accumulated game play. Even though, within the game, experience points become more difficult to acquire as you advance, World of Warcraft players are improving their performance four times faster as they continue to play the game.

How? Most improve their performance by leveraging a broad set of discussion forums, wikis, databases, and instructional videos that exist outside the game. Here the players share experiences, tell stories, celebrate (and analyze) prodigious in-game achievements, and explore innovative approaches to addressing the challenges at hand. This "knowledge economy" is impressively wide and deep.



The more players participate and interact with WoW's knowledge economy, the more valuable its resources become, and the faster players increase their rate of performance improvement. Said more generally, the more participants - and interactions between those participants - you add to a carefully designed and nurtured environment, the more the rate of performance improvement goes up. This is the "collaboration curve."

### **Collaboration Curve**

Collaboration curves hold the potential to mobilize larger and more diverse groups of participants to innovate and create new value – they could be users of your offerings, or people from different groups who can contribute (for example employees, suppliers, customers, competitors, regulators etcetera). In so doing this can help you improve your level of performance. This is already seen in the development of open source software, product development through crowd-sourcing, new product launches through crowd-funding etcetera.

So look at how you can create and leverage network effects for your product offerings, and in doing so create collaborative effects by connecting and leveraging different people, groups and stakeholders around your offerings. In doing this you generate greater levels of experience, better networks, greater engagement, and develop more knowledge – all of which can be used to create value and realize profit.

### **About Andrew Cooke**

Andrew Cooke is the director and founder of Blue Sky GPS and is known for his work with executives, managers and teams in helping them to grow, develop and achieve results. Using a blend of consulting, facilitation and coaching he is noted for his ability in "bringing people potential to life". Andrew takes the time to understand and assist successful business executives in creating a customized plan that allows them grow and develop their leadership effectiveness. In doing this he guides executives to manage, direct and make change work for them and their stakeholders and teams in an increasing volatile, uncertain, complex and ambiguous business environment. From this he helps others to become more successful in both what they do and how they do it.

Andrew demonstrates a proactive attitude and empathy that blends enthusiasm, energy and a pragmatic approach in engaging leaders and their stakeholders. He has over thirty years of international business experience and insights on which to draw, and has worked with blue-chip clients and other leading businesses across a range of industries. Andrew is passionate about helping others to be more successful personally and professionally.



### **Qualifications & Accreditations**

Andrew is an experienced international expert in executive coaching, leadership development and business consulting. He has qualifications, certifications and accreditations from recognized leading global organizations, including:

- International executive coach with certifications for Marshall Goldsmith Stakeholder Centered Coaching and Global Leader of the Future 360<sup>0</sup> Assessment
- Masters of Business Administration (MBA), London Business School, UK
- Bachelor of Business BA (Hons), University of Plymouth (UK)
- Diploma from the Institute of Marketing (UK)
- Accredited DISC Facilitator & Coach