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Alternate Economies, Social Entrepreneurship and ICT

A reflexive discourse



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Introduction

“I wonder whether there isn’t some sort of a connection between social entrepreneurship and ICT (Information and Communications Technology). The two must be able to benefit from each other. Maybe part of the answer can be found in alternate economies?” That was probably the thought on my mind when I started getting the idea that I should be writing a paper this spring.

Before that, I had attended a conference at Roskilde Universitets Center (RUC) about Social Entrepreneurship. At the conference it had struck me how much ICT was lacking from the mindset of those at the conference. Here I was, a student from the IT University, used to constantly hearing about ICT was changing the world, attending a conference with people working in institutions such as Red Cross, the ministry of Social Affairs, etc. And ICT wasn’t really all that important to them. Other than wondering why, I also thought that there might be some opportunities as to the improvement of the way these organizations worked.

About a year before that I attended a course in marketing. At this course it seemed to me that all the teacher was trying to teach us was how to build a business and gain maximum financial profit. Even when analyzing the feelings and emotions of humans, of human interaction and communities it was always with one question in mind: How does our business profit the most? How can we be innovative and create a market different from the others? How do we compete against and defeat the competitors?

This was the fall of 2006. Even though I do concede that I might have misunderstood a couple of things, sometimes one hears what one wants to hear, as the saying goes, it nevertheless got me wondering about some things.

Were money and profit all there was to life (and business)? In all of the cases we were looking at the message seemed to be: if it is profitable, then do it! I wondered where this idea came from and when studying concepts of value, I had started wondering what true value really was.

Problem definition

How can IT support and help create a new reflexive discourse about alternate economies and social entrepreneurship?

Method

After having written the first official “problem definition” I put it away, and only started looking at again when I was nearing the deadline. I did not wish to go at this problem definition directly. In fact I didn’t even wish to think of it as a problem to solve.

Instead I wanted to try out and explore techniques of innovative idea generation and sense making.

Thus in effect this paper attempts to do two things at once: both an examination of the subject matter described above and an exploration of techniques that might help delve deeper into the subject matter in question.

It is also an attempt at achieving an academic result and at the same time try to explore a subject matter with as little regard for how to construct an academic paper as I dare have.

The process I have employed can probably best be compared as a ‘bricolage’, which is a process of “construction or creation of a work from a diverse range of things which happen to be available” [WikipediaBricolage].

I wrote the first part of the paper in a wiki, which resulted in a number of small stories about various concepts, that seemed to hold something in common. My hope and goal was that as some point I would reach an new understanding of the material in question, by utilizing techniques for sense making and abduction, notably the one known as the Cynefin framework.

I’ve used a wide variety of sources. Not as a conscious decision, because I’ve had to have different kinds of sources, but because I have not been too selective in what sources I was looking at. Or as Michael J. puts it in his blog: “Don’t try to be right, try not to be wrong” [CynefinCaseStudyManagingComplexity]. In fact I don’t know what Michael’s last name is, because he doesn’t write it on his blog...

Sources are cited using square brackets and using reference to the name of the article instead of the names of the authors of the article. I find it more logical this way.

Structure and selection of material

In trying to keep the stories that I have gathered as close to just being narratives, without coloring them too much with conclusions or attempts at putting a measure of quality to them. So I hope that the reader will bear with me and both try to gather any sense from the material and hand that might occur and then in the see what differences might occur to the sense that I ended up making.

I will put the stories first and then explain the methods afterwards. In fact most of the paper could be read in arbitrary sequence and might make result in different ways of sense making dependent on where one would start...

I have chosen not to include too much material which directly describes the “traditional economy”. This does not mean that I wish to overthrow completely the traditional concept of economy, or that I don’t understand it at all. I assume that the reader also has such and understanding so that the descriptions of alternate economies, etc. become stories that can augment and not displace those considered to be traditional. The table of contents is at the end of the paper.

Bill Gates

Bill & Melinda Gates Foundation

This summer the former CEO of the World's largest software company, Bill Gates, will partially withdraw from the company he has been such a big part of since he co-founded it in 1975. He will remain chairman of the board but will withdraw from day to day operations. His new job? Philanthropy! From July 2008 he will be spending more time working in the Bill & Melinda Gates Foundation (BMGF) which is one of the World's second largest charitable foundations with assets in 2006 of \$29.1 billion (BillGatesTransition).

The BMGF allows its benefactors to see how its money is spent and is run pretty much in the way that a normal business would be run [BMFGApproach]. The difference is that their mission is to work towards the goal of allowing all people to have healthy, productive lives. And they do this by giving away all of its money to charitable causes. In fact they plan to shut down 50 years from the death of the last survivor of its three current trustees - Bill Gates, Melinda Gates and Warren Buffet [WikipediaBillGates].

Microsoft Global Citizenship

In 1995 Microsoft's mission was "A Windows PC on every desktop". This has now been changed to "... enable people and business throughout the world to realize their full potential". This change can be seen as a part of its "Corporate Citizenship" initiative which acknowledges Microsoft's "responsibility to act as a good corporate citizen, as they call it, all over the world. Whether it is complying with local laws and regulations, demonstrating ethical business standards, mitigating risks to the environment, or protecting human rights ..." [MicrosoftCorporateCitizenship].

The Corporate Citizenship initiative also includes a Global Reporting Initiative (GRI) Index. GRI is an initiative under UNEP (United Nations Environment Programme), the mission of which is to make sustainability reporting as routine and comparable as financial reporting. GRI is a framework of recommendations that corporations can use to report on economic, environmental and social performance.

In 2007 Microsoft launched "Unlimited Potential" with the stated goal of reaching 1 billion people by 2015 with relevant affordable software. The idea here being that the right technology coupled with broader efforts can enable innovation and social and economic advances around the world. [MicrosoftGlobalCitizenshipReport2007, p. 1].

Creative Capitalism

On January 24th 2008 Chairman of Microsoft, Bill Gates held a speech at the World Economic Forum about what he termed "Creative Capitalism". The basis of the idea is that one third of the World's population does not benefit from advances in technology, medicine, etc. at the same rate as the wealthiest parts of the World. Creative capitalism does not mean foregoing capitalism completely, but instead the attempt will be to try and find ways that capitalism can serve both the wealthiest and the poorest at the same time. [CreativeCapitalismWSJ]

Bill Gates mentions [CreativeCapitalismWEF] a couple of examples which basically falls into 4 categories:

1. Adjusted pricing
This means that corporations adjust their prices so that consumers in poor countries can afford them. The example which is mentioned is a meningitis vaccination that is offered at a much lower price than other vaccines.
2. Governmental support
Governments can help by legislating in favor of initiatives that help the poorest and those in need.
3. Allow access to markets in developed countries
To support the livelihood of people in third world countries, initiatives can be taken which ease the access of products from these countries to western markets.
4. Consumption-based philanthropy
Giving aid can be tied together with consumption of goods. The Product (RED) campaign is mentioned as an example of such an initiative.

According to Bill Gates, profit is not always possible when businesses try to serve the poor. Instead they must find another incentive which is recognition. Businesses can gain a better reputation by helping those in need and a better reputation will attract both customers and skilled employees.

Conclusion

While much can be said about Microsoft and Bill Gates, the movements by the software giant is an indicator of a global trend towards firms becoming more responsible and socially conscious. Fancy mission statements aside, Microsoft is still in the business of doing business. Their ultimate goal is still to spread the use of their products and this shows that they have picked up on the current trend in how to address customers. But still, if the world's largest software company which, among many other things, has become known for ruthless business tactics, starts to change its mission statement, it is bound to be part of something significant. Big companies and especially not Microsoft are not known to be first movers, so what is going on?

Traditional Economy

In this section I will try to describe some theories about the current state of economy and some views on some of the problems with the way that the economy is put together.

What's in an economy

For there to be an alternate economy, one must first consider what a “normal” or “traditional” economy is. According to Wikipedia, “An economy is the realized social system of production, exchange, distribution, and consumption of goods and services of a country or other area.”¹ This definition captures the common understanding of what the economy is all about. But still it is probably more open than what most people would expect. In the context of this paper the definition of a standard economy would have to include the use of money (i.e. in the shape of a currency such as USD, EUR, DKK, etc.) as a means of exchange. Thus we have by slight modification of Wikipedia's definition that a *traditional economy* is the realized social system of production, exchange, distribution, and consumption of goods and services of a country or other area which uses money as a means of exchange.

The economy of Denmark (DKK) fits into this definition and so does the economy of the European Union (EUR) and so forth. A traditional economy is the one that most people are used to. It's the one that we get paid our salaries in, the one that we use to pay our taxes and the one that we buy our groceries in.

The cost of money

Ronald H. Coase came up with the idea that there are costs associated with carrying out market transactions. For instance searching for the right person to deal with, negotiating the bargain, writing a contract, and so on. These costs have come to be known as transaction costs. According to Coase it is because of the existence of transaction costs that firms exist. "It was avoidance of the costs of carrying out transactions through the market that could explain the existence of the firm in which the allocation of factors came about as a result of administrative decisions (and I thought it did)." (CoasePrizeLecture).

He also argued that a firm could only continue to exist if it carried out its function at a lower cost than if the same function was performed by a number of other independent parties on the market or by another firm. This would lead to an optimum of planning, brought about by competition.

Tapscott and Williams (Wikinomics, p. 56) define "Coase's Law" in the following way: A firm will tend to expand until the costs of organizing an extra transaction within the firm become equal to the costs of carrying out that same transaction on the open market." [1]

According to Tapscott and Williams, companies should shrink, because the internet has caused transaction costs to fall drastically.

¹ www.wikipedia.com/wiki/Economy

Dirty money

One reason why money works so well is that it solves the problem of "double coincidence of wants" [MoneyMechanismExchange] that is, in the absence of money, if one wants to trade a commodity with someone else, he or she will have to be lucky to find someone who wants what he or she has AND has something that can be traded in return. It also solves a problem with timing. For example I might want an umbrella, that a given person has, but I don't want it as long as the sun shines. Without money, and, assuming that the person doesn't have anything else I want, that person would not be able to trade with me until it rains. Money makes this trade possible. In this way money can be viewed as an anonymous or neutral mechanism.

But money is very often NOT neutral or anonymous. We do care whether the money spent on the gifts we receive were made "honestly" or by theft. And if somebody gives me money as a gift, I will tend to make sure that they are spent on something other than groceries, something worthwhile and memorable. A current case [LarsLøkkePolitiken] being pursued in the Danish media about the spending of a leading Danish politician, named Lars Løkke Rasmussen, might also illustrate this. He is being accused of overspending tax-payers money on purposes they weren't intended for. This shows the concern that the public and media has regarding whether to be able to trust that the money they give are handled ethically and morally correct.

No interest in money

"Interest, in fact, acts like cancer on our social structure." [InterestInflationFreeMoney, ca. p. 18]

This rather controversial statement comes from Margrit Kennedy, but it sums up what she thinks is the problem with interest in our present day economy. The analogy to cancer is based on how interest and compound interest behaves in that it doubles periodically thus following an exponential growth pattern, much like how cancer spreads in the human body.

According to Kennedy "Money does not only help the exchange of goods and services but can also hinder the exchange of goods and services by being kept in the hands of those who have more than they need." [InterestInflationFreeMoney, ca. p. 15]

Kennedy points to an example of research which shows that 80% of the population in Germany in 1982 paid more interest than what they got back. In other words, the rich get richer and the poor get poorer because of interest [InterestInflationFreeMoney, ca. p. 15].

'If war means hunger, starvation and death, social and human misery, we are right in the middle of the "Third World War" ... It is an undeclared war. It is a war fought with usurious interest rates, manipulated prices and unfair trade conditions. It is a war which forces people into unemployment, sickness and criminal behaviour. Do we have to tolerate this indefinitely?' [InterestInflationFreeMoney, ca. p. 71].

In an interesting development, so called Islamic Banks are becoming more and more common. One governing principle behind these banks is that they do not charge any interest, which is in accordance with Koranic laws. Instead of interest, Islamic Banks, get a part of the revenue of the companies which they lend money or they charge service fees. [IslamicBanksANoveltyNoLonger]

Money is not a good measure

Joseph Stiglitz, who is a former vice president of the World Bank and a nobel prize winner, believes that GDP (Gross Domestic Product) as a measure is “outdated and misleading” [GoodNumbersGoneBad]. Not only, he says, does it fail to take into consideration the depletion of natural resources and the degradation of the environment, money itself (or cash flow) can be a very unreliable measurement of the value of a company. For instance, with the right people, a startup can create an extremely successful software product without any noticeable cash flow.

Alternate economies

The stories in this section gives different examples from the field of alternate economies.

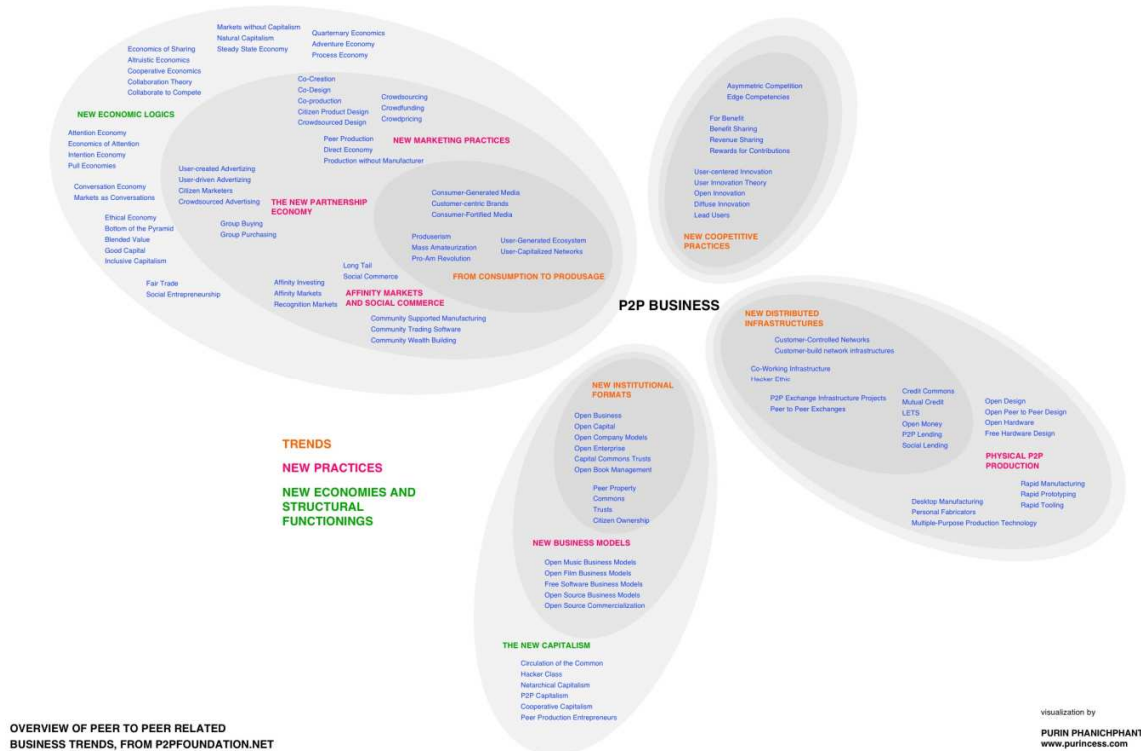
What's not in an economy

To many the concept of an alternate economy might be difficult to grasp, because we are so used to thinking in terms of the traditional economy. Alternate economies are important because they help remind us that the way the economy works today doesn't have to be the way it works in the future.

Now let's look at what an alternate economy might be. Ethan Miller defines an alternate economy as the "diverse array of activities by which humans generate livelihoods in relation to each other and to the Earth." [InterdependenceFromGlobalEconomy]

By this extremely broad definition anything that humans do in order to sustain themselves could be considered as part of an alternate economy. In other words, it doesn't necessarily have to include money.

Non-currency-based alternates



OVERVIEW OF PEER TO PEER RELATED BUSINESS TRENDS, FROM P2PFUNDATION.NET

visualization by PURIN PHANICHPHANT www.purinph.com

Michael Bauwens and the P2P² Foundation has identified a large number of alternate economies which fall under what they call peer producing communities. According to their view, institutions can be divided into two categories: “for-profit” and “for-benefit” [LadderOfParticipation]. By this logic, for-profit institutions would be associated with making a profit which is traditionally linked to a monetary train of thought. The whole reason for existence of such institutions is to generate more profit. [CapitalistsVsEntrepreneurs] Peer production on the other hand does not necessarily have profit as a goal, but is more oriented towards delivering value, regardless of profitability concerns in a monetary sense of the word.

Ethan Miller mentions the following examples of alternate economies:

- **Household economies** Fixing the car, raising the children, etc.
- **Gift economies** Volunteer fire companies, food banks, donating to community organizations.
- **Barter economies** Returning a favor, exchanging goods (without money involved), time-based local economies.
- **Gathering economies** Hunting, fishing, salvaging from demolition sites.
- **Cooperative economies** Worker-owned and- run businesses, collective housing.
- **Community Market Economies** Small businesses that are accountable to their local community through social ties, innovative ownership models and mutual support.

Yet another example of an alternate economy is the ‘ethical economy’ a term coined by Adam Arvidsson. According to Arvidsson, the ethical economy is non-monetary and largely based on “respect, peer-status, networks, friendships and other forms of inter-personal recognition. And it is geared towards accumulation of such forms of inter-personal recognition, what sociologists would call ‘social capital’” [CrisisOfValue].

Based on alternate currency

A number of alternate economies are based on some sort of currency a token representing value. This holds true for those mentioned in the remainder of this chapter.

Art Money³ basically means that artwork can act as payment instead of normal money. Originally invented by Lars Kraemmer, art money can be used as an alternate means of payment instead of or as partial payment for goods in any store that will accept it. It holds the formal value of 200 Danish Kroner and can be sold and purchased online by anyone who registers. The intent of the inventor was to supply a currency which could be “created” by its holder, so that he and others all over the World wouldn’t have to be reliant on the national currency. The scope of art money is “Worldwide” and anyone can create them as long as they adhere to some very simple rules. But being an idealist has its price. In 2007 the project was almost closed down, because of a lack of funds, and was saved by the auction house, lauritz.com, which stepped in as new partner on the project.

² P2P=Peer-to-peer

³ www.artmoney.org

Community Economy

If something happens to a region or a community which influences its ability to attract money, i.e. causing a local "money shortage", this can have a severe negative effect resulting in unemployment, and also inhibits the ability of community members to trade with each other, even though there might clearly be services wanted and services offered. In fact Jorim Schraven claims [EconomicsCommunityCurrencies, p. 14] that there can be an over-capacity for potential exchange held by businesses that is not realized by the traditional currency, because the nature of traditional currency is such that its value depends on restriction of its quantity.

A local community currency can help alleviate the shortage of the national currency. The community currency stays within a fixed set of boundaries and is thus not directly dependent on an incoming flow of money. Instead of being reliant on the national currency to be able to exchange products or services, a community can utilize its local currency to facilitate trade. This is one of the arguments from Jorim Schraven of the Strohalm Foundation [EconomicsCommunityCurrencies, p. 1-2]

“Such economies are not created to make large profits, but to provide healthy, modest livelihoods to their participants, and services to the larger community” says Ethan Miller [InterdependenceGlobalEconomy].

Jorim Schraven claims that a community currency:

- can help the unemployed and others to transform any excess resources into purchasing power (p. 8)
- can coexist with the national currency, as it allows agents to exchange over-capacity (p. 28) and can therefore also gain acceptance by businesses
- must coexist with the national currency, as national currency is needed for imports (p. 33)
- can alleviate the problem of lower levels of exchange caused by shortage of national currency (p. 20)
- must be taxable (p. 27)
- must be exchangeable for the national currency (p. 28)
- will become cheaper to implement, by the transaction cost cutting properties of new technologies such as digital payment systems (p. 28)

Trust is a big issue in community currency systems. There is the risk that somebody will build up a lot of debt, and then leave the system. Though the original description of the LETS systems (see a description of a LETS system below) seems to allow this kind of behavior, it might be alleviated with legal measures. Because of trust concerns, there seem to be limitations to the growth and size of community systems. By this logic one could infer that higher amounts of trust would enable bigger LETS systems.

A combination of LETS systems and the mechanisms involved in the ethical economy might help overcome trust issues, as it would make it possible to see what individuals in the system could be trustable. Furthermore, when adding into consideration the openness of the LETS system, the problem mentioned elsewhere with the traditional economy and “Dirty money” might also be alleviated, as it would be possible to see who the payments actually come from and go to, so money laundry would be much more difficult in such a system.

LETSystem

The LETSystem (Local Exchange and Trading System) is an example of a community currency system, which can also be categorized as a Mutual Credit System [EconomicsCommunityCurrencies, p. 7]. What this means is that instead of having a central bank control and distribute the money, all members of the system can pay each other by basically opening up a debt or rather by each individual issuing credit.

LETSystems are in operation in many places all over the World. One just needs to visit www.letslink.org to find a list of active communities in England. In 1995 the 350 LETSystems had an annual turnover at £2.1 million [EconomicsCommunityCurrencies, p. 8-9].

Appendix A contains a description of the characteristics of a LETSystem. But an example might illustrate how the system works.

Let's say that person A and person B want to trade with each other and that they have agreed upon a price in the LETS currency that is used within the community that they are members of, i.e. 10 units. All person A has to do to pay person B is to transfer these 10 units from his or her account to person B's account, after which, assuming that both accounts were balanced at zero before the trade, the balance of person A's account is -10 and the balance of person B's account is 10. The transaction is noted in a central location which is open for everyone to see.

Margrit Kennedy suggests supporting local economies, in fact she mentions the LETSystem (see below) as a possible candidate for a usable model. According to Margit Kennedy "The advantage of LETS is that it is limited only by the time and energy a person is prepared to invest." [InterestInflationFreeMoney, ca. p. 70] Or to put it in other words, only the passion and commitment of the people limit what might be undertaken by the utilization of a LETSystem. Another advantage to the LETSystem not being limited by supply is that it allows its user to value other things than usual. Meaning that "activities that are traditionally low-paid tend to be rewarded more generously"⁴. Even voluntary and nonprofit groups could benefit from the LETSystem. And because of the nature of the LETSystem people might be more willing to donate in the LETS currency.

LETSystems remain a promising kind of local currency systems. The arguments of Jorim Schraven, while not empirically based, seem to suggest that people in a wider scale might be willing to accept a local currency in addition to the national currency, and that this might have a stabilizing effect for a community when the supply of the national currency vacates the region.

Virtual economy

A virtual economy can be considered a kind of economy which thrives inside some sort of virtual online environment. One very prominent example of such an economy, which will be covered here, is the economy of Second Life. Another example might be the economy of the online game "World of Warcraft".

Created by Linden Labs, Second Life has grown to become one of the largest virtual economies in existence. Based on the numbers from the first quarter the expected GDP for 2008 estimated on April 15

⁴ <http://www.gmlets.u-net.com/faq.html#value>

was US\$300 million, up from US\$ 261 million for Q4 of 2007. [SecondLifeEconomicGrows], the currency used in the online community. Linden Dollars are spent by its users on virtual property such as land and commodities produced as part of a virtual economy. One can buy virtual land, housing, clothes, and even virtual sex⁵. The products are created by the users using system of primitives or building blocks within the system, which can be shaped and programmed to look and act in the manner that their creators want them to.

Linden Dollars are obtained either through trade inside Second Life (by selling something), by directly buying them using the Second Life client software, by going to the LindeX (The Linden Dollar Exchange) or even from some third party web sites such as ebay. At the LindeX, L\$ can be traded for US\$ and vice versa, at an exchange rate of between 260 and 300 L\$ to one US\$.

Another way that money is put into circulation is by premium members paying a monthly US\$ fee which gives them the right to hold virtual land property and also earns them a monthly payment from Linden Labs in L\$.

One of the positive arguments that is heard among proponents of Second Life, is that it can potentially be a new source of revenue for individuals as well as businesses, both new and old. An article in Wired by Kathleen Craig tells the story about Jennifer Grinnel who, within a month of selling virtual clothing, was making more money than in her old job. [MakingLivingSecondLife]. Craig also cites a Wharton professor, Dan Hunter, for stating that virtual worlds can make globalization of services occur.

The possibility for making a profit is just one possible argument. As mentioned, the Second Life economy is considered a virtual economy⁶, that is it exists within an online game-like environment. While it may still seem odd to many why a virtual object that doesn't even exist in the physical world might hold any value, there seems to be a tendency that Second Life users do want to pay, albeit small amounts, for the items that can be bought. This in turn opens up the door for those able to make a small profit as noted above. Other than that, it also creates new opportunities for ways of creating something that others value. By offering a new set of tools, that don't exist in the physical world and also having the opportunity to break some of the rules that exist in the physical world (for example flying is a skill that everyone has in Second Life),

The second life economy are in ways comparable with the local community economies. In fact, by Jorim Schraven's definition it would be called a backed economy, meaning that there is a large entity behind the currency making sure that the exchange rate is kept constant [EconomicsCommunityCurrencies, p. 3].

There are many problems and challenges that arise with the Second Life community. For instance in 2007 Randolph Harrison accused the Second Life Economy of basically being a pyramid scheme [VirtualWorldEconomyPyramidScheme]. Some of the problems and challenges mentioned are: money laundry (that is laundry of real US\$) – a concept which I have briefly mentioned elsewhere, tax evasion and organized crime. He also believes that one could earn more US\$ by flipping burgers in the real world than selling virtual jewelry in Second Life. While this might hold true, for someone living in a country

⁵ http://en.wikipedia.org/wiki/Second_life

⁶ For a description see http://en.wikipedia.org/wiki/Virtual_economy

where normal wages are a bit lower than in the western world, a virtual economy can present an opportunity to earn more money than otherwise [ConfessionOfaWoWFarmer].

Conclusion

As it has been shown here, many alternate forms of economy are in existence. All are attempting to address perceived short falls of the traditional economy. All of the inventors of alternate economies seem to agree that traditional money doesn't have to be the only form of payment.

It should be noted that alternate economies are not a means of cheating, tax evasion or other kinds of economic fraud, but rather they are meant as a vehicle for the contrary. They are meant to help when people run out of money or get struck by poverty, but are not meant to be used by those who are considered "sloppy" or cheaters. The very nature of many of the systems is to try and prevent cheating i.e. by limiting the size of its participants. Even theft becomes difficult in a system such as LETS because all transfers are public. In LETS, one would not be stealing money, because anyone can dish out more money, but one would be "stealing" other people's trust.

Do alternate economies succeed? I don't think that's a question that can be answered in simple terms. For those who participate in them, they seem to make sense, at least for a while.

Social entrepreneurship

We are in the midst of a paradigm change. That is if one is to believe Tania Ellis [DeNyePionerer, p. 16].

Central to this new paradigm is that profit is no longer a goal in itself for businesses. Profit and sustainability can go hand in hand. There is business in working on the world's problems. Social entrepreneurship is akin to Creative Capitalism, and for a large part builds on the same ideas.

Whereas in the foregoing chapters I looked at the economies that the organizations navigate, in this chapter I will take a look at the organizations themselves with a particular focus on their motives and reasons for existence.

Social enterprise

According to Ellis, there are three dimensions that make up social entrepreneurship (DeNyePionerer, p. 73):

1. Social change

Social change can encompass anything from fighting poverty and disease, environmental protection to the physical, mental and spiritual well-being of the individual. Most social entrepreneurs have ethics and responsibility at the very core of their business.

2. Economic resources

In contrast with philanthropic and non-profit organizations, social enterprises do not have a problem with gaining economic profit. For the social entrepreneur profit is a means towards doing more good, not an end in itself.

3. Innovative problem solving

Social Entrepreneurs find innovative ways of working towards social change. These innovations come in many ways and shapes. They arise in all sectors of society, educational, NGO's, corporate, public, etc.

An economy?

Tania Ellis's book does not attempt to explain whether the social economy is in fact comparable to what would normally be called an economy. She does, however, give examples of how NOT being socially aware can have severe consequences, even economically for the company in question. One can also say that the social economy becomes an economy by businesses thinking about the world's problems in new ways. A by doing so, social enterprises become a new form of business, thinking differently than traditional businesses utilizing Corporate Social Responsibility (CSR), which according to Tania Ellis is sometimes just an "add-on" to the existing business that runs the risk of being sacrificed if the company runs into financial trouble [DeNyePionerer, p. 103].

Example

One example of a social entrepreneur, which Tania Ellis also mentions [DeNyePionerer, p. 89], is the company "Specialisterne". The company has just won an award called "IT Prisen 2008"

[DanskSocialInnovationBedst] which is an award given by the Danish IT industry. The company is running a business, in fact a successful one, but with a core value of creating opportunity for a certain group of people who would otherwise have difficulties finding a job. They employ and utilize special skills of people with autism.

Not easy

Ellis has taken a look at engodsag.dk, which is an initiative that lets customers donate a small amount of their spending in online web shops to a charity, and one of its founders states that his experience is that a social entrepreneur needs to be very sharp and have a very clear business plan. One needs to be able to both professional and tough with all of the soft values in the back hand. Having an ethical goal means that the public will be on the lookout for those who take lightly the trust of customers who deal with such a company. [DeNyePionerer, p. 84-85].

Social Company

If the social enterprise, as presented by Tania Ellis, is a step away from CSR, a “social company” goes further.

Thomas Geuken and Gitte Larsen from the Copenhagen Institute for Future Studies think that the firm of the future will be a "social company". When they say "company" they are putting significance on interpersonal relationships in what they believe will be a co-operation, not a corporation. When entering into personal relationships, they argue, real moral obligation towards one another arises.[AllDressedUp, p. 106] The driving force of these social companies will be a common purpose, be it a dream, a vision, a political attitude or maybe even a spiritual orientation which is put into the activities performed [AllDressedUp, p. 106].

Another important element of social companies are they build on local presence or at least have an understanding of what it means to tell the story about a place. An example that Geuken and Larsen mentions is a company called “Naturbageriet”, which publishes a book each year with pictures of people from the local community. Actually it is a ecological bakery, but the owner of the bakery likes to stay in touch with people in the local community. He even has concerts in the store. The concept means that he is building a closer connection with the people that he deals with.

Rock’n’roll company

As an example of how a future social company might be defined, Geuken and Larsen give a definition of what they call a “rock’n’roll company”, a metaphor for a social company:

- It's the people's company, accessible and democratic.
- Is rebel-like.
- Wishes to change to established world.
- Challenges notions of collaboration and relations.
- Is value-centric and a network of “stars” (as in “rock star”).
- Has a clear concept for the show and for life off-stage.
- Is the full integration of the personal and the common project.
- Unleashes creativity.
- Was started as a coincidence – maybe out of friendship.

Catalyst

Comparable in many ways to the social company Oti Brafman and Rod A. Beckstrom [StarfishAndSpider, p. 120-129] has talked to a number of people who all seemed to have some things in common, in that they were “movers and shakers”. They describe the tools of a Catalyst with the following key words:

- **Genuine interest in others** A catalyst shows an interest in the people he or she meets and remembers it!
- **Loose connections** Meaning the ability to have interactions of personal conversation with thousands of people
- **Mapping** Has the ability to utilize the knowledge gained from what he or she knows about people. Thus enabling them
- **Desire to Help** Instead of thinking about connecting people as if it were traditional “networking”, catalysts seem to have an honest desire to help.
- **Passion** Catalysts have the ability to get things done, and they are driven by a deep passion.
- **Meet People Where They Are** Instead of aggressively pushing ideas to people they take a step back and let them know that are understood. This is a much more empowering technique which will allow them to make their own decisions.
- **Emotional Intelligence** A catalyst puts emotional bonds first. They are a key part of the organization.
- **Trust** The catalyst trusts the network around him/her.
- **Inspiration** Catalysts are inspirational for others to work towards a goal that often doesn't involve personal gain. ‘In fact, one catalyst warned us, “Don't you dare make me out to be a hero”. This isn't about me’.
- **Tolerance for Ambiguity** The catalyst organization often doesn't have clear measures of how “well” they are doing. The argument being, that as if order and structure were to be imposed to get better measurement, it would strangle the organization.
- **Hands-Off Approach** Catalysts get out of the way in terms of running their organization! A consequence can be that people do not understand what they are supposed to be doing, but the argument is that this will lead the to take charge on their own.
- **Receding** Catalysts also leave “the table” as soon as they have made a connection between two people. In doing so, the argument goes, they make sure that it doesn't become all about them.

Conclusion

In this chapter I have taken a look at some different forms of organization that are emerging. Organizations that exist WITHOUT incentive for profit have existed as long as mankind. In fact the word “Economy” itself can be traced back⁷ to “one who manages a household”, which doesn't seem to suggest anything about profit.

Nevertheless, because of the advent of the internet and surrounding societal changes, it seems that many new ways of looking at how to run a business are emerging. While traditional for-profit corporations are shifting gears and taking their social responsibility more seriously, these new forms are coming from a

⁷ <http://en.wikipedia.org/wiki/Economic>

completely different stand point. One where the desire to help and make positive change in the World seems to be at the center.

Communications Technology

Web 2.0 has had a tremendous impact on the Internet and on businesses as a whole. Web 2.0 is not just a set of new ways of programming. It is also a new way of conducting business. A great deal of the Web 2.0, dare I call it 'movement', is being done in completely new ways. Utilizing Open Source. Building upon ever increasing computing power. Constantly inventing new programming tools and languages, which are making it ever easier to build solutions that seemed nearly impossible just a few years back. And very importantly: bringing about completely new business models. Actually even using the term 'business model' seems old fashioned and not up to par with the motives of many of these new endeavors. It doesn't reflect factors such as plain old fun.

qik!

Take a look at qik.com. They are allowing live streaming directly from a mobile phone to the web. Even starting to think about how to accomplish this just a year ago would have been a pretty big undertaking. Today it is possible. Initiatives like qik.com allows for completely new usage scenarios. It would be theoretically possible for anyone to follow a person via video all over the world, anywhere I go as long as there is a pretty useful mobile connection. Is this important? Well I think it proves that technology lowers transaction costs, thus opening up for completely new possibilities and/or making old ones even cheaper to accomplish. Blogger Robert Scoble⁸ (www.scobleizer.com) uses qik.com⁹ to quickly and easily show his readers video clips from events he is attending. This would also have been possible by uploading it to a site like YouTube.com, but feeding it directly from a mobile phone is just so much easier.

agile!

Another way of understanding why software creation is moving so rapidly is the emergence of new tools and methodologies that programmers use. 37 Signals advises their readers to "Stay flexible to lower your cost to change" [GettingReal, p. 33], "... just get the stuff on the page for now. Then use it. Make sure it works. Later on you can adjust and perfect it." [GettingReal, p. 45] and "Make decisions just in time, when you have access to the real information you need." [GettingReal, p. 47]. Their piece of advice is to not spend too much time up front thinking about every little detail, because the details will reveal themselves once you get going and once your application gains traction and becomes popular (if the idea is good enough).

free!

Famed writer in the magazine Wired, that all hip nerds read, Chris Andersson, recently wrote an article called "Free!" with the subtitle "Why \$0.00 is the future of business". His basic argument is that costs are dropping so fast for companies influenced by the web that they might as well offer their products for free. He is very well aware that there are substantial costs involved in acquiring a server to host a web site, but he is arguing that the costs of disk space, processing power, memory etc. are coming down so fast that

⁸ Take a look at his blog at <http://www.scobleizer.com>

⁹ His qik.com site can be found at <http://qik.com/scobleizer>

eventually this will become a very little problem. Just take a look at google and youtube offering their services for free he says.

open!

Today, much of the web is all about being open. Open Source (www.linux.org), open API's (Application Programming Interface) and even open standards for authentication (www.openid.org). Gone are the "old fashioned" protectionist ways of thinking. Now it is all about linking stuff together. It's about collaborating openly such as in Wikipedia. In fact Don Tapscott and Anthony D. Williams wrote about the phenomenon that Wikipedia is part of. To them 2006 was a turning point, where "the programmable Web eclipsed the static Web" [Wikipedia, p. 38]. And they go on: "What was the difference? The losers launched Web sites, The winners launched vibrant communities. The losers built walled gardens. The winners built public squares. The losers innovated internally. The winners innovated with their users. The losers jealously guarded their data and software interfaces. The winners shared them with everyone." [Wikipedia, p. 39].

Mashups¹⁰ are one example of what the programmable and open Web can bring about. Programmers are making mashups of many different websites, such as findvej.dk does, because of this openness. By utilizing the open API's that many websites make available to any programmer who wants to access their services, these innovators have created new value on top of the existing sites. At findvej.dk, a service from Google called Maps, which is basically a free map of the world, is overlaid with information and functionality as a service to people in Denmark. If one for instance wants to link to a certain address on the map, all one needs to do is to write www.findvej.dk/streetnumber,city as the link and mail this to friends. This is not a service offered by Google at the time of this writing. On top of that data is pulled in from the database of the public transportation services, so that one can use the map to find out how to get from A to B via public transportation.

passion!

37 Signals, a company that has built some very successful online tools, such as Basecamp (www.basecamp.com) and Backpack (www.backpackit.com) argue that programmers must be happy. In their book, *Getting Real*, they write about their take on how to make good software and how to make it a business at the same time. One of their points is that, passion shines through. "If you're only working on it to cash out, it will show. Likewise, if you feel passionate about your app, it will come through in the final product. People can read between the lines." [GettingReal, p. 27]. And at another place they state that "Happiness has a cascading effect. Happy programmers do the right thing. They write simple, readable code. They take clean, expressive, readable, elegant approaches. They have fun." [GettingReal, p. 117].

micro!

A commonly known phenomenon in the world of IT is Moore's law, the result of which is that transistors used in CPU's are becoming ever smaller.

¹⁰ [http://en.wikipedia.org/wiki/Mashup_\(web_application_hybrid\)](http://en.wikipedia.org/wiki/Mashup_(web_application_hybrid))

A perhaps lesser known phenomenon, at least among the average population, is the concept of "micro everything" as I call it, in lack of a better description.

Microformats are one example of the micro trend. At microformats.org one can read more about what exactly these formats are good for: "the microformat movement is working to define atomic pieces of content of various types-- so that it is more easily identified in either machine or human form, and can then be integrated, re-mixed, or simply recognized and used appropriately, in applications beyond the one they were initially deployed in. microformats support a move to a network experience less defined by the application you are running or page you are viewing, and more defined by the content itself."

[WhatCanYouDoWithMicroFormats] This definition was, allegedly, written by a person by the name of Jessy Cowan-Sharp. This can not quite be trusted as it does appear in a wiki. Nevertheless, what I think is important to note in this definition is, that microformats are integratable, can be customized and allow for "functionality" that is even more context sensitive than the more comprehensive do it all, formats.

Another example of the online world going micro is the concept of "microblogging"¹¹. A trend spearheaded by such sites as twitter.com. Twitter basically lets its users answer one simple question: What are you doing? [Twitter] Which one can read on the front page of the services web page. Other services, such as facebook.com, has followed suit and also allows its users to tell their friends what they are up to at the moment.

Mark Krynsky, who blogs about trends in the web sphere, wrote about the "micro" based culture on his blog. He states that he finds himself devoting less time to blog and comment on blogs and more time on microblogging and "micro-posting", by which he means uploading and publishing his pictures, favorite music, favorite links to websites, etc. on the web for everyone to see.

[TwitterLifestreamingTransformingWeb]

peer!

This phenomenon refers to self-organizing communities such as the one which created Linux. The basic premise of it being that collaboration is happening openly and voluntarily. Linus Thorvalds licensed Linux under a General Public License (GPL), meaning that anyone can take and (almost) use it as they see fit, as long as they make their code open to anyone as well [Wikinomics, p. 24].

Peer-to-peer networks such as Kazaa is another example of people from all over the world coming together to share files with each other. Although primarily successful because it offered users illegal copies of music, there are those who see the original success of Kazaa and its likes as a proof of the strength of decentralization [StarfishAndSpider, p. 25]. In this second example collaboration is not at the centre, as nothing is being produced as such, but value is being shared among users, and it is happening outside of traditional channels of distribution with people sharing their personal music collection directly with each other. Kazaa still exists, but is no longer owned by its founders who sold it when it was sued by the big record labels.

A third way of peering is through "crowdsourcing", which basically means outsourcing a task, which would normally be done by a contractor, to a potentially large group of people. Tapscott and Williams

¹¹ <http://en.wikipedia.org/wiki/Microblogging>

describe this with an example in which a mining company called Goldcorp made all of its data available to the world for it to help find Gold [Wikinomics, p. 9]. Although they don't call it "crowdsourcing", probably because the book was written before Jeff Howe came up with the term in an article in Wired [WikipediaCrowdsourcing].

purpose!

A whole new field is emerging on the web, which is looking into how technology might benefit nonprofit organizations. An example is TechSoup¹² which "provides knowledge and resources to nonprofit and nongovernmental organizations (NGOs) in North America and around the globe". Its partners include established partners such as Microsoft, Symantec and Cisco, and one of the services Techsoup is providing is to create connections between otherwise different and unlikely partners.

Another example of technologists coming together for a purpose, is the conference that is being planned for February 2008, called "run run", of which I'm personally a member of the planning group. The group while mainly consisting of technologists, has come together through friendships and personal relationships, and is not being driven as a company as such. The group is using an online collaborative tool¹³ to coordinate and plan its work. The subtitle for the event currently is "IT with a purpose". That is: how is IT utilized to make a difference in the world.

¹² www.techsoup.org

¹³ www.basecamphq.com

Sense making

Cynefin Framework



Figure 1 The domains of Cynefin (disorder is in the middle).
 From [SensemakingComplexWorld, p. 468]

abstract while items placed at them bottom are those that are most diffused into the real world. Meanwhile, items placed furthest to the left represent a learning culture while items furthest to the right represent a teaching culture.

One of the underpinnings of the Cynefin framework is the idea, that knowledge is both a "thing" as well as a flow [ComplexArtOfKnowing, p. 3]. The view of knowledge as a thing is a more traditional way of understanding knowledge management, which leads to the idea that knowledge can be owned, stored and discovered through scientific investigation. Third generation knowledge management challenges this by thinking about knowledge as a flow. Flow-based knowledge is volunteered, time-consuming to process and highly contextual. Snowden suggests that both views be combined. And that the resulting paradox is handled rather than avoided.

The framework can be and has applied with success in group sense-making situations and include different ways of handling management and for sense-making for each domain. What works in the simple domain might not work in the complex domain, and so forth.

The purpose of Cynefin (pronounced ku-nev-in) framework is to help see things from new perspectives and as a tool for sensemaking. It was construed as a means of distinguishing between formal and informal communities and as a challenge to assumptions of order, rational choice and intent. [SenseMakingInAComplexWorld, p. 462].

The framework is split into 5 domains: known, knowable, complex, chaotic and disorder. The basic idea when working with Cynefin is to take all of stories, experiences, etc. from a given context and place within these domains. Doing so can help kick start and open up a discussion about new and/or entrenched ideas.

The domains are arranged along two axes: abstraction (vertical) and cultural (horizontal). Items placed closest to the top are considered the most

When working with the Cynefin framework there are different strategies one can employ to create movement between the domains. One example is JIT (Just-In-Time) transfer, which results in movement from the complex to the knowable domain. As the name implies, it means to delay decision-making until necessary or to avoid having excess stock since it might not be known how much stock is actually needed. This sort of strategy has a very strong resemblance of the aforementioned strategies of 37 Signals.

The Case of Socialøkonomi

Description of the company

Socialøkonomi is a charitable fund, whose purpose is to make visible and strengthen social enterprises in Denmark. The company consists of three employees: Lars René Petersen who is the director, Tania Ellis who is employed as a special consultant and Oliver Maxwell who is a development- and business-consultant.

Socialøkonomi recently received funding from the government. The Social Economy Development Centre (SEDC), which is run by the Socialøkonomi fond, works with social enterprises to help the leverage small and local networks within the private and public sector.

Description of the system

The purpose of the system that the SEDC is developing, is to

- facilitate the collaboration and cooperation between actors in the social economy space.
- make the contributions of social enterprises to mainstream society visible
- create a catalogue of proven social innovations
- measure the value of the activity carried out by the social entrepreneurs

This will be done by actors who, after having collaborated, go to the SEDC system and fill in a case study which explains what they have been working on together, and what each of them gained from it. A central piece of information is that they put in an estimate of how much it would have been worth, had it been paid for.

Cynefin micro-workshop

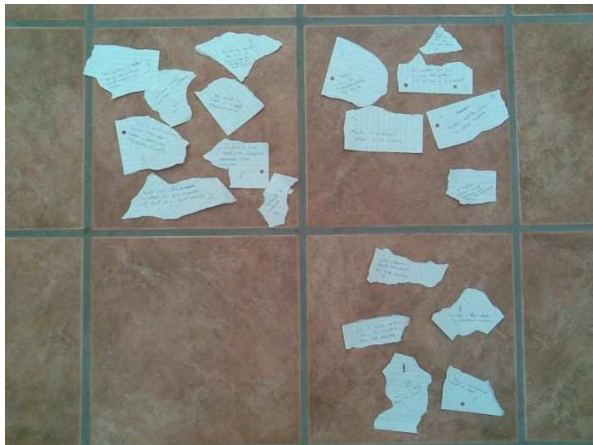


Figure 2 Items from the micro-workshop. Picture was taken after the workshop, and only serves to illustrate what the notes looked like and how many there were.

Having been approached by Lars to help them as a consultant to work on the company's IT solutions both in terms of LOB (Line of Business) applications and in terms of an outward facing offering to its customers, I thought that they would make for an excellent case to look at in the context of my studies. As we are currently in the startup phase of this new project, trying to make some strategic decisions regarding its direction and execution, I suggested that we could try to use the Cynefin framework as a tool.

Oliver Maxwell is the one responsible for the development of the new IT system, so we arranged a small one-hour- Cynefin-micro-workshop.

The workshop process was inspired by a specific method of applying the Cynefin framework called

“The Future, backwards”, in which it is stated that workshops can vary from one hour to a day.
[TheFutureBackwards]

According to Snowden, the Cynefin framework is used in varying depth: "Some groups consider only the five domains and what sorts of situations and problems can be found there..."
[SenseMakingInAComplexWorld, p. 471]. So that was the goal.

The workshop was carried out by basically interviewing Oliver about the company and its goals, talk about the system that is being planned and then describing current, future positive and future negative states as suggested in The “The Future, Backwards” method. Instead of colored hexies, pieces of paper were ripped from a normal A4 notepad.

Oliver proceeded to put items in domains, while arguing why he placed the items as he did and also considering borders between the domains. The workshop was conducted at a square table, with nothing delimiting the different notes from each other. 5 minutes before the hour had gone, we stopped to have a brief discussion of what sense we could make out of the notes that were placed. There wasn't time to place the remaining notes.

When asked what sense he was making of the items in the known domain, Oliver answered that he thought the items worked as arguments as to why they should continue. These arguments, he thought, would work on economists. To him, the items in the complex domain were more suitable for persuading other people and make them passionate about the project. "Aspirations, feeling good, create value".

Observations

- We didn't place any items in the chaotic domain.
- We didn't discuss the items in the knowable domain, we focused on the two domains which held the most items and especially the known domain, which held the "arguments" as Oliver put it.
- Only having one person (obviously) limits discussion.
- If we hadn't taken the last 5 minutes to discuss the items already placed on the table, the sense of insight gained from the experience would have been much smaller.

Evaluation

Unfortunately we didn't have time to continue the workshop, but Oliver ended out by saying it had been a really interesting process.

From what we did gather, there does seem to be a potential for Cynefin to be used as a strategy making tool. For example what Socialøkonomi is essentially trying to do is to move some of the items in the complex domain of “feeling good” into the more measurable domains of knowable or even known. The idea of letting organizations value each other's work through appraisal could be seen as a “Swarming” strategy within Cynefin, meaning that desirable patterns are reinforced and thus become transferred to the knowable domain.

In relation to the types of companies I have looked at I would say that Socialøkonomi is definitely a “social enterprise”, not a social company or a catalyst. They have a heavy reliance on a monetary economy and a conscience about alternate economies, i.e. they are employing recognition as a secondary reward for companies that participate.

The success and failure of postmodernity

Postmodernity is a reality!

This is a contradictory statement, since postmodernism in itself is deconstructive and against a central governing principle. Postmodern thinkers question concepts of rational choice and structure, and instead claims that “everything is possible and nothing is certain”¹⁴.

But instead of breaking free of capitalism and other governing principles, Thomas Geuken and Gitte Larsen argues that capitalism has assimilated the arguments of postmodernist thinking and turned it into a marketing tool [AllDressedUp, p. 37].

The following conditions has be used to describe postmodern culture, to provide a foundation for marketing thought [FromSegmentationToFragmentation, p. 186]:

Postmodern condition	Brief description	Example from this report
Openness/tolerance	Acceptance of difference (different styles, ways of being and living) without prejudice or evaluations of superiority or inferiority	Openness of the Web 2.0 world, Open Source, Openness of LETSystem accounting
Hyperreality	Constitution of social reality through hype or simulation that is powerfully signified and represented	Second Life
Perpetual present	Cultural propensity to experience everything (including the past and future) in the present, “here and now”	Blogging and microblogging.
Paradoxical juxtapositions	Cultural propensity to juxtapose anything with anything else, including oppositional, contradictory and essentially unrelated elements	Most of the content in the report itself is different bits of elements being juxtaposed
Fragmentation	Omnipresence of disjointed and disconnected moments and experiences in life and sense of self – and the growing acceptance of the dynamism which leads to fragmentation in markets	Micro trend.
Loss of commitment	Growing cultural unwillingness to commit to any single idea, project or grand design	Ability of people to participate in both local and national economy. Participation in Second Life (as well as “first life”).
Decentring of the subject	Removal of the human being from the	This is where a change is

¹⁴ Se the Wikipedia article on the matter: <http://en.wikipedia.org/wiki/Postmodernity>

	central importance she or he held in modern culture – and the increasing acceptance of the potentials of his/her objectification	starting (which is different that postmodernism). Social Companies are examples of focus being put back on the individuals again.
Reversal of consumption and production	Cultural acknowledgement that value is created not in production (as posited by modern thought) but in consumption – and the subsequent growth of attention and importance given to consumption	Again this is presently being modified. Crowdsourcing and peering are examples of the consumers participating actively in the economy. Becoming “prosumers” ¹⁵ .
Emphasis on form/style	Growing influence of form and style (as opposed to content) in determining meaning and life	Social companies are a reaction against this trend. Putting human relationships instead of marketing. Putting focus back on meaning and emotions.
Acceptance of disorder/chaos	Cultural acknowledgement that rather than order, crises and disequilibria are the common states of existence – and the subsequent acceptance and appreciation of this condition	Cynefin contains both order and unorder and does not attempt to qualify which one is more prevalent.

The point of the above table is to try and give an idea of what is currently happening on a wider scale, put into the confines of marketing thought and try to give at least some kind of idea about what companies should be aware of.

It is also the realization that the views and findings in this report is subject to postmodern thinking. Many factors, political, societal, environmental and economical play a role in shaping the way that we view the World.

¹⁵ <http://en.wikipedia.org/wiki/Prosumer>

Personal sense-making

After having reviewed all of the stories and cases I had gathered, I sat down and did my own micro-cynefin workshop:



It was my hope that doing so would help me try to get to a nice way of illustrating all of the connections between the stories that I had started to see. Unfortunately this was not the immediate result. I learned that there is no easy way to get to such an illustration. It takes a long time and maybe some skills that I don't have. Instead what turned out to work the best for me, was to continually keep working on the report. Constantly iterating through its contents and refining it until I would have to turn it in.

But nevertheless by some sort of magic, ideas were popping into my head and I chose to go with them instead of trying to create a nice illustration. The most pressing idea was the one of an un-profit (see next chapter).

Un-profit

Following David Snowden's logic that as a supplement to order [SenseMakingInAComplexWorld], there would be something called "un-order", in a world of for-profits and non-profits it seems logical for me then, that there should be something called an "un-profit". That is, an organization for which the purpose is to attain something other than profit. The idea here being, of course, that the organization gives more away than it receives. I'm not talking about yearly fiscal balance, since a negative balance in this sense would suggest that the organization has actually received more than it has produced.

By this definition many traditional charities do fall under the categorization of being an un-profit. But I'm not only talking about giving money to the poor. I'm talking about "spending" true human surplus. I'm talking about doing something that really would really make a difference to people. Sometimes the best way to help is to just act supportive and not intervene too much.

The idea of un-profiting builds on the notion that progress could be measured by how much difference in an interaction was made for the other party. I.e. if a conversation between two people results in one of the persons involved becoming energized and gaining a surplus for the remainder of the day, then the other person had made a successful unprofitable transaction. This might seem counterintuitive, but when looking at what a catalyst does (see elsewhere in this report), this is exactly what the result of being truly helpful would mean.

In some ways, the idea of an un-profit overlaps the concept of a for-benefit that the P2P Foundation talks about.

Characteristics of an un-profit

Wants to make change

An un-profit wants to help make social change.

Relationships

Will be built utilizing personal relationships, in which true emotions are valued.

Co-existence

It will coexist, collaborate and cooperate with other types of companies and organizations. Rather than being an "end to all else" kind of

Crowdsourced

Invites the world to participate in problem solving and innovation.

Locally based

Has its roots firmly planted in the local community.

Accepts a community currency

Community currencies have become widely implemented. And is also accepted by the un-profit. It is used in trade with local individuals and businesses and even with nonprofits.

Driven by passion

The people in an un-profit would be driven by the passion and desire to truly help others. In much the same way as the Catalysts do. The mantra would be inspired and inspiring leadership both for those inside and outside the organization.

Makes room

An un-profit is not normative. It doesn't directly try impose its ideals on others. In fact it would also follow that an un-profit should be able to allow others to help the un-profit.

Cuts costs

An un-profit minimizes transaction costs through the use of ICT. In consequence. It does not need to be very in terms of number of employees.

Low prices

An un-profit would provide at least some of its services without charge in the national currency. The cost cutting features of ICT would help this development along.

Agile

Navigating in the space of an un-profit could probably be compared to the complex domain of Cynefin. Consequently the agile approach from software development or the "just-in-time" strategy from Cynefin would make sense as a way of structuring much of the work inside of an un-profit.

Limited life expectancy

An un-profit does not have any goals concerning how long it should live. It might only come together for one specific cause or project. This might be viewed as a consequence of postmodern "loss of commitment". But it also is an attempt at keeping focus, commitment and passion directed at causes, purpose and value, instead of at the blind upholding of an institution which might have run its course. Un-profits should only exist as long as means allow it to without too many compromises.

Also accepts traditional money

Since money would be a means rather than an end, traditional money would still be both necessary and welcome.

Conclusion

As stated in the introduction, I haven't been overly skeptic towards any of the sources that I have read. But I have also tried to steer clear of using too much marketing and traditional economy language. This in turn makes it seem less relevant in the context of e-business. However, I will argue to the contrary. The trends and ideas presented here are all interwoven and related in many ways, and even companies such as Microsoft cannot help but being influenced by them. I will argue, that by putting focus back on true values and passion, not only can greater productivity be gained, more loyalty and trust would be the result. And this doesn't necessarily need to be translatable into economic growth.

There is the risk that contributions and ideas such as those proposed in this paper end up exactly where they weren't meant to, namely as a marketing vehicle, as with the story of the postmodern philosophers. Should this happen however, then maybe others agree with some of the concerns expressed and maybe it will lead to new insights and new countermovements over time, that will hopefully ultimately bring us closer to the desired goal.

The Socialøkonomi case shows that there are companies out there already thinking in terms of alternate ways of making payment. The appraisal system that will be built up, is essentially part of what Adam Arvidsson calls the ethical economy and what Bill Gates talks about when he says that businesses must take recognition into account. On the other hand, through the need on the part of Socialøkonomi to be able to measure and document all of its movements, one might fear that the company Socialøkonomi in itself might lose contact with truly helping people.

Working at more than one bottom line is not easy. It is in many ways an idealist choice on the part of the entrepreneur who chooses to do so, and one that doesn't necessarily mean that the business itself will be sustainable. This is why I suggest that un-profits should only live as long as it is possible for them to uphold sufficient momentum.

Concerning a reflexive discourse

The consequence of the techniques suggested for un-profit are principles that can also be utilized by existing nonprofits and social enterprises.

In this way ICT helps these social enterprises cut transaction costs by the utilization of web technology. The benefit to this would hopefully be an increased ability do the job of doing good and helps the company stay in touch with the people they are actually trying to help, while maintaining the ability to stay innovative. Through the utilization of alternate economies, social enterprises will be able to exchange "payments" with its partners that are not dependent on the flow or current state of a national currency. But if one chooses to start on such an endeavor, one must be prepared for at bumpy ride. It will take understanding of both the traditional business world as well as the alternate one. One must be prepared to let go of dreams of huge financial profits and keep focus on what's ethically defensible. And in doing so, one can only hope to have contributed to make the World just a little bit better.

Appendix A: Fundamentals of the LETSystem

A LETSystem has the following essential characteristics [LETSystemDesignManual, 1.3. Fundamentals of the LETSystem]

1. A service in the community

Administrative costs are recovered, in the internal currency, from each account according to the cost of the service. The system operates on a not-for-profit basis.

2. Consent is required at all times

There is never any obligation to trade.

It is the account-holders who have control over the movement of money out of their accounts. The administration can only act on the instructions of the account-holder who is making payment.

All accounts start at zero, no money is deposited or issued.

3. Key information is available to all account-holders.

Any account-holder may know the balance (the degree of commitment) and trading volume (the level of participation) of any other account on the system.

4. A convenient measure

The unit of account is a measure equivalent to the pound sterling.

5. Your money belongs to you

Your money is personal, in every way your own money. No interest is charged or paid on balances.

Appendix B: Items from micro-Cynefin-workshop

Items

Below is a listing of the items produced on the workshop. A (+) means that the items comes from the positive scenario. A (-) means that it comes from the negative scenario. A (*) means that it's from the description of the current state, and how Oliver got there described by going backwards from the present

<p><i>Placed in the complex domain</i></p> <ul style="list-style-type: none"> - difficult to measure the social economy - coupling of time spent with subjective experience of the encounter - we want to make it a good experience - conversion runs the risk of succumbing to standards of traditional economy - time and money baseline is arbitrary - the system is better at communicating social activities in society - it's a social economy because of the value it creates in people's lives and in the quality of society - belief in and idea or method can spur cooperation and start a social enterprise 	<p><i>Placed in the knowable domain</i></p> <ul style="list-style-type: none"> - maybe there should be a conversion between social currency and national currency - the system can't be controlled by SEDC - the system will try to solve the problem of not having a measure (for social economy) - social economy can go up and down - the system will be open to other brokers (+) - we have to use money as a measure
	<p><i>Placed in the known domain</i></p> <ul style="list-style-type: none"> - money is not the holy grail of success - a rating system could represent how good the experience was - social enterprises are vehicles that carries the social economy - basic measurement would be time - if it only works for 50 clients then it's still valuable - society is dominated by mainstream economy

Not placed (not disorder)

- the purpose of Socialøkonomi is to improve quality of social cooperations between social enterprises and the public and private sector.
- emphasize relationships
- it's not the money
- 100s of organisations, 1000s of people, 10000s of relationships (+)
- will go same way as CRM systems (-)
- competitors such as CSR organisations are used instead (-)
- get stuck in bureaucracy (-)

- tagging enables transparency and opportunity to see connection
- not many will use it (-)
- state has funded the system (+)
- state is using the system as a broker (+)
- the system is churning out information that everyone uses (+)
- socialøkonomi has 10 staff (+)
- social entrepreneurship exists within networks
- social enterprises in Denmark are all using it (+)
- need people to promote (*)
- system is a protest against experience in Brighton (*)
- Brighton wanted more indicators (*)
- spent a lot of time on administration in previous CRM system (*)
- management wanted data to measure in previous CRM system (*)
- staff resisted putting more data into CRM system (*)

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