

# 14

## PROBLEM SOLVING THROUGH CROWDSOURCING



### BIG IDEA In A Few Words

It has been said the first priority of leadership is to define reality. Part of defining reality is knowing what problems need to be solved. Answers to the wrong questions divert limited resources and delay progress. The real genius of leadership is knowing how to move forward when you don't have all the answers. Most organizations are surrounded by stakeholders of all kinds who are bursting with ideas and willing to get involved. This is the wisdom of the crowd. Why not invite them to solve your toughest problems or deliver on your most promising ideas?

It has been said the first priority of leadership is to define reality. Part of defining reality is knowing what problems need to be solved. Answers to the wrong questions divert limited resources and delay progress. This leadership ability is what set Reed Hastings, founder and CEO of Netflix apart. While Blockbuster focused on distribution by cramming as many DVDs, computer games and snack foods as possible into a brick and mortar store, Hastings was focused on a completely different problem: selection.

Here's how he described it: "It's possible to totally misunderstand Netflix. Some people think of us just as a DVD-rental service. But the real problem we're trying to solve is,



WATCH



LISTEN



READ ONLINE



BUY



SHARE

'How do you transform movie selection so that consumers can find a steady stream of movies they love? It's a huge matching problem.'<sup>41</sup> Because he knew which problem to solve, Hastings had made sure their team developed a homegrown recommendation software called Cinematch, that recommended movies to customers based on their viewing history. As many as sixty percent of customer viewing choices were based on this movie matchmaking software.

This matching process was a key factor in the explosive growth of Netflix. But as the volume of their movie collections and customer base grew, the algorithms driving Cinematch became less effective at predicting other movies subscribers might like to watch. This was a major hole in the Netflix business model. In the face of this major technical problem Reed Hastings made a very unconventional decision. Instead of ratcheting up the pressure on his own software engineers or hiring an outside firm, he invited the rest of the world to help Netflix solve the problem.

On Monday, October 2, 2006, Reed Hastings announced the Netflix Prize, offering to pay \$1 million to anyone who could best the results of the Cinematch algorithm by ten percent. In other words they wanted to make it ten percent more likely that a customer would enjoy and rate highly a specific movie Cinematch predicted he or she might want to watch. The announcement energized the world of technology and launched an amazingly gifted network of programmers, statisticians, mathematicians and geeks of all sorts in a mad race to the finish line. On Monday, September 21, 2009, just 1,082 days after the prize was announced, Hastings declared a team of seven from Israel, Canada, Austria and the United States the winners. The check was presented at the Four Seasons Hotel in New York City; it was the first time all seven winners had been in the same location.

You might be thinking, "This sounds innovative enough but was it really worth \$1 million?" Reed Hastings said, "If we knew how to do it, we'd have already done it."<sup>42</sup> He knew they had to look for ideas outside the company. If they tried to use a traditional outsourcing approach they would likely have paid three times as much to a company without knowing for sure in advance if the firm could meet the targeted ten percent improvement. They solved a key business problem, saved as much as \$2 million and

got guaranteed results. A pretty good investment for sure.

“Netflix showed that the way to work on hard-to-solve challenges is to challenge conventional ideas about what kinds of people can solve them. The real genius of leadership today is knowing how to move forward when you don’t have all the answers.”<sup>43</sup> In this case knowing the right question and being willing to explore unconventional sources of expertise was just as good as knowing the answer.

“In an era of huge dislocations and scarce resources, fewer and fewer companies are in a position to hire lots of new people or devote big budgets to new projects as a way of moving forward. But most organizations are surrounded by customers, suppliers, fans, advocates, and interested parties of all kinds who are passionate about what they do, bursting with ideas, and eager to be more involved. Why not invite them to demonstrate their creativity to you, share their best ideas with you, and collaborate to solve your toughest problems or deliver on your most promising opportunities?”<sup>44</sup>

One would think the lean budgets of non-profit organizations would put them at the leading edge of crowdsourced initiatives. In my experience it is much rarer than you might think. One of the reasons is the subtle but significant challenge of professional elitism. I’m not referring to raw, look down your nose arrogance, though that probably does exist in some limited way. I’m referring to a much more subtle and easier to defend conviction that what we do is so specialized and nuanced that only people with training and experience like us have anything important to contribute, especially when it comes to our biggest problems.

## Back to the Future of Crowdsourcing

Crowdsourcing and the problem of elitism are hardly new. In fact one of the best examples goes back to the 18th Century. The Royal Observatory was founded in 1675 with the goal of improving navigation at sea, and a special focus on solving the longitude problem of calculating the east/west location of a ship. The latitude problem had already been resolved by measuring the length of the day or the elevation

of the Sun or stars. As a naval powerhouse, with colonies and trade routes around the world, this was a significant problem for Great Britain. The Royal Observatory will forever be linked with the solution to this problem by its original site in Greenwich, East London, the Prime Meridian of the world, at zero degrees longitude. But the back story of this solution reinforces the difficulties of crowdsourcing and elitism.

After thirty years of fruitless effort by the Royal Observatory, the issue came to a head with the wreckage of four ships under the command of Sir Cloudisley Shovell, on the Isles of Scilly. The miscalculation, laid squarely on the feet of the longitude problem, killed more people than the sinking of the *Titanic*. The British government turned to Sir Isaac Newton and comet expert Edmond Halley for advice. In 1714, they passed the Act of Longitude, promising a prize of 20,000 pounds for a solution to the problem. In today's value this would be over 30 million pounds.

At once the problem was open sourced and the prize money attracted the attention of people from all walks of life. In 1737, a village carpenter named John Harrison stunned the scientific establishment when he presented his solution to the Board of Longitude: a clock capable of keeping superb time at sea despite the rolling and pitching of the ship and extreme changes in temperature and humidity. While it was well known that knowing the correct time back in London could enable a navigator to calculate longitude using the sun, the technical obstacles to producing a sufficiently accurate clock were widely thought to be beyond human ingenuity. Harrison, spurred on by a fabulous prize, proved everyone wrong.<sup>45</sup>

Harrison's discovery embarrassed the professional elites at the Royal Observatory. They did everything in their power to suppress the solution and prevent the payout of the prize money. The Astronomer Royal, James Bradley, used his influence to not only delay trials at sea but actually sent the clock with Harrison's son into a war zone in an effort to be rid of it forever. Eventually the clock was tested on an eighty-one day journey to Jamaica and passed with flying colors, losing a mere five seconds of time, but leaders at the Observatory insisted further testing was needed. Harrison's clocks eventually became the standard

method of solving the longitude problem, but only after his death. He never received the full prize money but was paid a substantial purse in lieu of the award that never came.

In a world marked by information abundance and open systems the complex problems of our day should increasingly be opened to the wider community to solve. This will require humble leadership that resets the default setting away from professional elitism. In 2011 we launched a crowdsourcing initiative based on the question: what service could we offer the Great Commission community in North America that every church and mission organization would want? We offered a free book of the winner's choice every month for ten years as the prize. In the end we divided the prize between four winners and a combination of their ideas is driving a major new initiative for Missio Nexus.

Here are a few questions for you to explore; you may even consider an internal conversation to solicit the wisdom of the crowd. What are the most important problems your organization needs to resolve? What is keeping you from opening the door to your constituents to help you solve them? To what extent is a culture of elitism limiting your ability to find new ideas and solve big problems?

---

## NOTES

<sup>41</sup> William C. Taylor, *Practically Radical* (HarperCollins e-books, 2011), Kindle Edition page 224

<sup>42</sup> Ibid, page 225

<sup>43</sup> Ibid, page 229

<sup>44</sup> Ibid, page 223

<sup>45</sup> Tim Harford, *Adapt: Why Success Always Starts with Failure* (Farrar, Straus and Giroux, 2011) Kindle Edition page 106

---

*Sieze the Vuja de* is a compilation of transcripts from Learning @ the Speed of Life, the video blog of Missio Nexus, by Steve Moore. Missio Nexus was formed out of the merger of CrossGlobal Link and The Mission Exchange and is the largest network of Great Commission oriented evangelicals in North America. For more information visit [www.MissioNexus.org](http://www.MissioNexus.org).

### Other books by Steve Moore

