

The New Economy and the Cluetrain Manifesto

The 95 theses of the Cluetrain Manifesto <<http://www.cluetrain.com>> provide an interesting summary of the New Economy from the consumer/employee perspective with a strong human/humanistic orientation.

The Manifesto represents a clear step away from vertical hierarchy and mass production/consumption towards horizontal networks and individualized 'mass customization'. It views the Internet mostly as an empowerment tool for consumers and employees. However, it also contains very good observations and ideas for progressive corporate leaders who wish to participate in the production/creation of the New Economy, not just in its exploitation. Human Systems Management has carried the human/knowledge/systems orientation in management through some twenty volumes and is therefore most appropriate medium for analyzing, expanding and interpreting the Cluetrain. The notions of conversations, self-organization, autopoiesis, customer focus, human action, etc., have long been within the main concerns of HSM. Although we do not have to agree with some of the assertions, the overall thrust of the Manifesto is appreciated and its linguistic light-heartedness and exaggeration accepted. Below we provide a full text of the individual theses with a running HSM-viewpoint commentary wherever appropriate and useful. Both the theses and the comments are still in flux and do not represent a fixed or final statement on the New Economy. They are the first autopoietic rules of production of the New Economy from the consumer/employee standpoint. The producer/provider standpoint should also be formulated soon if the indisputable benefits of meeting, fusing and integrating of both sides are not to be missed.

1. *Markets are conversations.*

Markets are truly becoming free of place and location, moving into the realm of two-way exchanges of information for the purposes of causing or eliciting action. The nature of conversa-

tion is communication and the purpose of communication is action.

2. *Markets consist of human beings, not demographic sectors.*

Markets (and its sectors, segments and niches) do not buy anything; individuals do. Each individual customer is a market. The shift from mass markets to individual or small-group markets within the global economy is powerful.

3. *Conversations among human beings sound human. They are conducted in a human voice.*

4. *Whether delivering information, opinions, perspectives, dissenting arguments or humorous asides, the human voice is typically open, natural, uncontrived.*

5. *People recognize each other as such from the sound of this voice.*

Human converse in a human, natural and uncontrived language. They do not communicate in slogans, soundbites and ditties of the mass media. The mass media, like the mass producers, have to individualize their product, mass customize their delivery, and move from one-way broadcast to two-way communication.

6. *The Internet is enabling conversations among human beings that were simply not possible in the era of mass media.*

The new conversation and communication space is the Internet. Now customers can talk to producers (C2B) and among themselves (C2C). Also producers can talk among themselves (B2B) and also to customers (B2C). These rich communication links were simply not available even a few years back.

7. *Hyperlinks subvert hierarchy.*

Internet is a powerful tool for dismantling the rigid hierarchies of command, ushering in the flat and flexible, horizontal organization of networked teams. Internet allows knowledge transfer and sharing, dismantling excessive special-

ization and division of labor, producing an integrated, process-oriented enterprise.

8. *In both internetworked markets and among intranetworked employees, people are speaking to each other in a powerful new way.*
9. *These networked conversations are enabling powerful new forms of social organization and knowledge exchange to emerge.*
Both consumers and employees, through their conversations, create communities and become members of these communities. Corporations do best in promoting and enhancing these communities. Corporation itself is becoming a community of members/employees. These new social forms are powerful producers of new organization, new knowledge and new strategy.
10. *As a result, markets are getting smarter, more informed, more organized. Participation in a networked market changes people fundamentally.*
11. *People in networked markets have figured out that they get far better information and support from one another than from vendors. So much for corporate rhetoric about adding value to commoditized products.*
Networks are smarter and more powerful than hierarchies. Interlinked communities of consumers, customers and employees are much harder to fool or exploit. However, they could be much more loyal, rewarding and wealth generating than the mass markets, if accepted and continually satisfied and listened to.
12. *There are no secrets. The networked market knows more than companies do about their own products. And whether the news is good or bad, they tell everyone.*
Internet makes the corporate communications more transparent and the secrets less rewarding. Open-book management among the employees, among the suppliers from the value chain, and among the community of consumers is more profitable than the traditional locking-up of great ideas in corporate safes. Hiding data, misinterpreting facts and continually apologizing through mass media is degrading and belongs to altogether different era.
13. *What's happening to markets is also happening among employees. A metaphysical construct called 'The Company' is the only thing standing between the two.*

Internet allows employees and consumers/customers to communicate directly, without an in-

termediary of a special department, designated person or voice-mail copout. The responsibility moves where it belongs and where it is expected. Corporate boundaries are blurred and often eliminated through the intensity of these conversations.

14. *Corporations do not speak in the same voice as these new networked conversations. To their intended online audiences, companies sound hollow, flat, and literally inhuman.*
15. *In just a few more years, the current homogenized 'voice' of business – the sound of mission statements and brochures – will seem as contrived and artificial as the language of the 18th century French court.*
16. *Already, companies that speak in the language of the pitch, the dog-and-pony show, are no longer speaking to anyone.*
The new corporate language is a human language directed to knowledge providers: communities of customers and suppliers, and members of the team (the corporation), not the arcane language for money-providing external and absent stockholders. Knowledge is more important than money. There is plenty of money but increasing scarcity of knowledge.
17. *Companies that assume online markets are the same markets that used to watch their ads on television are kidding themselves.*
18. *Companies that don't realize their markets are now networked person-to-person, getting smarter as a result and deeply joined in conversation are missing their best opportunity.*
19. *Companies can now communicate with their markets directly. If they blow it, it could be their last chance.*

Online markets are communities (networks of communicating agents) of autonomous individuals, not a passive mass of statistical categories, samples and averages. Companies have to join these conversations, participate in them, and not talk to them or at them

20. *Companies need to realize their markets are often laughing. At them.*
21. *Companies need to lighten up and take themselves less seriously. They need to get a sense of humor.*
22. *Getting a sense of humor does not mean putting some jokes on the corporate web site. Rather, it requires big values, a little humility, straight talk, and a genuine point of view.*

Humor, lightheartedness and a sense of proportion are needed in any human communication. Goals and values should be big, not heads and egos.

23. *Companies attempting to 'position' themselves need to take a position. Optimally, it should relate to something their market actually cares about.*
24. *Bombastic boasts – 'We are positioned to become the preeminent provider of XYZ' – do not constitute a position.*
So-called strategic positioning is over. Companies cannot fix themselves into rigid and trade-offs based strategic 'positions'. They have to acquire flexibility and ability to change their positioning continually. Corporate strategy is derived from and made by communities of their customers and consumers. Strategy is not made at the top of the pyramid, the place most remote and fully isolated from the realities of the market.
25. *Companies need to come down from their Ivory Towers and talk to the people with whom they hope to create relationships.*
26. *Public Relations department does not relate to the public. Companies are deeply afraid of their markets.*
27. *By speaking in language that is distant, uninviting, arrogant, they build walls to keep markets at bay.*
28. *Most marketing programs are based on the fear that the market might see what's really going on inside the company.*
Public Relations department is a buffer and a useless intermediary and should be disintermediated first. All contacts should be direct and only with those directly responsible. Corporate leadership and corporate employees are fundamentally isolated and alienated from their public and markets by firewalls of designated gatekeepers of the Corporate Fortress.
29. *Elvis said it best: 'We can't go on together with suspicious minds'. Trust, as knowledge, has become a productive force and an economic category. Trust, as knowledge, is a form of capital.*
30. *Brand loyalty is the corporate version of going steady, but the breakup is inevitable – and coming fast. Because they are networked, smart markets are able to renegotiate relationships with blinding speed.*

31. *Networked markets can change suppliers overnight. Networked knowledge workers can change employers over lunch. Your own 'downsizing initiatives' taught us to ask the question: 'Loyalty? What's that?'*
32. *Smart markets will find suppliers who speak their own language.* The notion of loyalty is much stronger in networks precisely because the relationships can change and be renegotiated so fast. To be 'loyal' in the mass market is short-lived, fickle and very expensive to sustain. In networks, natural loyalty is continually reproduced from within, based on merit, not imposed externally.
33. *Learning to speak with a human voice is not a parlor trick. It can't be 'picked up' at some tony conference.*
34. *To speak with a human voice, companies must share the concerns of their communities.*
35. *But first, they must belong to a community. Human voice means speaking human natural language. Living in human language is possible only through living in human community.*
36. *Companies must ask themselves where their corporate cultures end.*
37. *If their cultures end before the community begins, they will have no market.*
Corporate culture is embedded in the human or community culture and should not be separated from it through self-inflicted schizophrenia.
38. *Human communities are based on discourse – on human speech about human concerns.*
39. *The community of discourse is the market.*
40. *Companies that do not belong to a community of discourse will die. The notion of discourse is the same as that of conversation and communication. Both are fundamentally different from chats and chat-rooms.*
41. *Companies make a religion of security, but this is largely a red herring. Most are protecting less against competitors than against their own market and workforce.*
Obsessive secrecy is out. Companies keep secrets from their public, customers, suppliers, employees and media, very rarely from their competitors. That is very costly, counterproductive and self-damaging.
42. *As with networked markets, people are also talking to each other directly inside the company – and not just about rules and regulations, boardroom directives, bottom lines.*

43. *Such conversations are taking place today on corporate intranets. But only when the conditions are right.*
44. *Companies typically install intranets top-down to distribute HR policies and other corporate information that workers are doing their best to ignore.*
45. *Intranets naturally tend to route around boredom. The best are built bottom-up by engaged individuals cooperating to construct something far more valuable: an intranetworked corporate conversation.*
46. *A healthy intranet organizes workers in many meanings of the word. Its effect is more radical than the agenda of any union.*
47. *While this scares companies witless, they also depend heavily on open intranets to generate and share critical knowledge. They need to resist the urge to 'improve' or control these networked conversations.*
48. *When corporate intranets are not constrained by fear and legalistic rules, the type of conversation they encourage sounds remarkably like the conversation of the networked marketplace. Corporate intranets and supplier extranets are Internet-based networks of communication and knowledge sharing. They should not be imposed and 'managed' from top, although they can be so triggered. Their true value is in self-management and self-organization, producing autonomy and self-assumed responsibility. They are true jewels in corporate abilities and competencies.*
49. *Org charts worked in an older economy where plans could be fully understood from atop steep management pyramids and detailed work orders could be handed down from on high.*
50. *Today, the org chart is hyperlinked, not hierarchical. Respect for hands-on knowledge wins over respect for abstract authority.*
The self-organizing and self-producing networks, emphasizing ability and knowledge have replaced organizational charts of vertical pyramids of command, emphasizing position and power. Modern organizations are neither military nor catholic hierarchies of control and influence. They are engines of ideas, producers of knowledge.
51. *Command-and-control management styles both derive from and reinforce bureaucracy, power tripping and an overall culture of paranoia.*
52. *Paranoia kills conversation. That's its point. But lack of open conversation kills companies.*
Hierarchies invite intense competition in terms of politics, power, positioning and social climbing. They require virtually no competition in market results, profits and skills. They invite mistrust and paranoia and penalize cooperation.
53. *There are two conversations going on. One inside the company. One with the market.*
54. *In most cases, neither conversation is going very well. Almost invariably, the cause of failure can be traced to obsolete notions of command and control.*
55. *As policy, these notions are poisonous. As tools, they are broken. Command and control are met with hostility by intranetworked knowledge workers and generate distrust in internetworked markets.*
56. *These two conversations want to talk to each other. They are speaking the same language. They recognize each other's voices.*
Each company produces two things: something else than itself (product, service) and itself (knowledge, skills and abilities). The self-production is now becoming more important than the production itself. The ability to produce is more important than any particular product. Only one of the processes has the lasting competitive value.
57. *Smart companies will get out of the way and help the inevitable to happen sooner.*
58. *If willingness to get out of the way is taken as a measure of IQ, then very few companies have yet wised up.*
59. *However subliminally at the moment, millions of people now online perceive companies as little more than quaint legal fictions that are actively preventing these conversations from intersecting.*
60. *This is suicidal. Markets want to talk to companies.*
Smart companies do not get out of the way but join the conversation, transform themselves into the medium of discourse between employees and customers and become integral part of the Internet-based New Economy. Companies do not disappear but make themselves useful for their members.
61. *Sadly, the part of the company a networked market wants to talk to is usually hidden behind a smokescreen of hucksterism, of language that rings false – and often is.*

62. *Markets do not want to talk to flak and hucksters. They want to participate in the conversations going on behind the corporate firewall.*
63. *De-cloaking, getting personal: We are those markets. We want to talk to you.*
64. *We want access to your corporate information, to your plans and strategies, your best thinking, your genuine knowledge. We will not settle for the 4-color brochure, for web sites chock-a-block with eye candy but lacking any substance.*
65. *We're also the workers who make your companies go. We want to talk to customers directly in our own voices, not in platitudes written into a script.*
66. *As markets, as workers, both of us are sick to death of getting our information by remote control. Why do we need faceless annual reports and third-hand market research studies to introduce us to each other?*
67. *As markets, as workers, we wonder why you're not listening. You seem to be speaking a different language.*
68. *The inflated self-important jargon you sling around – in the press, at your conferences – what's that got to do with us?*
Markets are customer communities and they want to talk to employees and suppliers empowered to take action. However, only some 'workers' make the companies go: most are passive, disinterested, unionized mass with no individuality, little knowledge and no corporate stakes or interest. It is this 'mass of workers' which has to change most, transform itself into active and autonomous knowledge agents capable of individual negotiation and collective cooperation.
69. *Maybe you impress your investors. Maybe you are impressing Wall Street. You do not impress us.*
70. *If you don't impress us, your investors are going to take a bath. Don't they understand this? If they did, they wouldn't let you talk that way.*
71. *Your tired notions of 'the market' make our eyes glaze over. We don't recognize ourselves in your projections Ñ perhaps because we know we're already elsewhere.*
72. *We like this new marketplace much better. In fact, we are creating it.*
73. *You're invited, but it's our world. Take your shoes off at the door. If you want to barter with us, get down off that camel!*
74. *We are immune to advertising. Just forget it.*
75. *If you want us to talk to you, tell us something. Make it something interesting for a change.*
76. *We've got some ideas for you too: some new tools we need, some better service. Stuff we would be willing to pay for. Got a minute?*
77. *You're too busy 'doing business' to answer our email? Oh gosh, sorry, gee, we'll come back later. Maybe.*
78. *You want us to pay? We want you to pay attention.*
79. *We want you to drop your trip, come out of your neurotic self-involvement, and join the party.*
Any writer of a Manifesto of 95 theses, if not Martin Luther, is bound to run out of steam and slip into repetition, cliches and unrealistic dreams of the working class and its powers. The power is not in the class but in the knowledge. Workers have not created Internet and they are the slowest in adapting to it. Yet, the Internet is the right tool for transforming all workers into entrepreneurs and capitalists. Then they have nobody to fight but themselves.
80. *Don't worry, you can still make money. That is, as long as it's not the only thing on your mind.*
81. *Have you noticed that, in itself, money is kind of one-dimensional and boring? What else can we talk about?*
Money is best and most reliably made indirectly, as a byproduct of commitment, passion and devotion to work and public service.
82. *Your product broke. Why? We'd like to ask the guy who made it. Your corporate strategy makes no sense. We'd like to have a chat with your CEO. What do you mean she's not in?*
She is not online, has no clue of supplier and customer communities, has no sense of the market and is taking the company down with her. She is not in.
83. *We want you to take 50 million of us as seriously as you take one reporter from The Wall Street Journal.*
84. *We know some people from your company. They're pretty cool online. Do you have any more like that you're hiding? Can they come out and play?*
85. *When we have questions we turn to each other for answers. If you didn't have such a tight rein on 'your people' maybe they'd be among the people we'd turn to.*
86. *When we're not busy being your 'target market', many of us are your people. We'd rather be talk-*

ing to friends online than watching the clock. That would get your name around better than your entire million-dollar website. But you tell us speaking to the market is Marketing's job.

Back to the substance. Markets and marketing is not 'Marketing's job', the days of functional division of labor and artificial separation of functions are over. Markets are everybody's job because they are conversations and communications, not statistical entities, samples, segments and targets. Markets talk back, more and more, and one is well advised to listen.

87. *We'd like it if you got what's going on here. That'd be real nice. But it would be a big mistake to think we were holding our breath.*
88. *We have better things to do than worry about whether you'll change in time to get our business. Business is only a part of our lives. It seems to be all of yours. Think about it: who needs whom?*
89. *We have real power and we know it. If you don't quite see the light, some other outfit will come along that's more attentive, more interesting, more fun to play with.*
Customers and employees do hold real power but they do not know it yet. The Internet is too new and too young for the real power to be translated into mutually beneficial action. Communities of suppliers and customers are becoming the real sources of knowledge, complementing the internal sources of employees. Companies have to turn out to these communities in order to remain competitive, in order to continually produce themselves.
90. *Even at its worst, our newfound conversation is more interesting than most trade shows, more entertaining than any TV sitcom, and certainly more true-to-life than the corporate web sites we've been seeing.*
91. *Our allegiance is to ourselves – our friends, our new allies and acquaintances, even our sparring partners. Companies that have no part in this world, also have no future.*

92. *Companies are spending billions of dollars on Y2K. Why can't they hear this market time-bomb ticking? The stakes are even higher.*

Yes, markets are forever changed and translated into the global space of networked communications and conversations among growing communities of actively producing and providing human beings. Not missing on this change is crucial.

93. *We're both inside companies and outside them. The boundaries that separate our conversations look like the Berlin Wall today, but they're really just an annoyance. We know they're coming down. We're going to work from both sides to take them down.*
94. *To traditional corporations, networked conversations may appear confused, may sound confusing. But we are organizing faster than they are. We have better tools, more new ideas, and no rules to slow us down.*
95. *We are waking up and linking to each other. We are watching. But we are not waiting.*
Communities of suppliers, producers, employees and customers are spontaneously self-organizing into vast Internet-based networks, producing their own language of discourse, their own values and the new rules of conduct and behavior. The process of networking is as inevitable and as unstoppable as the globalization itself. The Cluetrain Manifesto is often naive and visionary, but also a very important contribution to efforts of summarizing and systematizing this newly emerging phenomenon of the New Economy. It is the efforts like these, which bring the contours come forth clearer and better understood by blowing away the fog surrounding it, patch by patch. That's why it pays to pay attention.

Milan Zeleny
Fordham University, New York