CROWDSOURCING FOR BUSINESS

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Remember the famous Russian fairy tale? "The granddaughter takes hold of the Granny, Granny takes hold of the Grandfather, the Grandfather takes hold of the turnip" - this is the best illustration of crowdsourcing. Crowdsourcing is the transfer of production functions to the public, the solution of social and business objectives with the help of volunteers who use social networking and other information technology. Despite the fact that the term "crowdsourcing" is pretty young, as it only appeared in 2006, crowdsourcing is used by every one who has ever looked for advice on the forums or has asked for friends' opinion about product, idea or service in social networks. Crowdsourcing is the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers. It is often used to subdivide tedious work or to fund-raise startup companies and charities, this process can occur both online and offline. The general concept is to combine the efforts of crowds of volunteers or part-time workers, where each one could contribute a small portion, which leads to a relatively large or significant result. Crowdsourcing is different from an ordinary outsourcing since it is a task or problem that is outsourced to an undefined public rather than to a specific, named group.

The famous example of crowdsourcing is Wikipedia. Instead of Wikipedia creating an encyclopedia on their own, hiring writers and editors, they gave a crowd the ability to create the information on their own. What is the result? Wikipedia is the most comprehensive encyclopedia this world has ever seen. The principle of crowdsourcing is that more heads are better than one. By using a large crowd of people for ideas, skills, or participation, the quality of content and idea generation will be superior.

For different situations there are also different types of crowdsourcing such as crowdsource design, crowdfunding, microtasks, crowdvoting, wisdom of the crowd and others. If you're looking for a logo design, you can tell a crowd of designers what you want, how much you will pay, and your deadline. All interested designers will create a finished design specifically for you. You'll receive 50-300+ different finished logo designs, and you can keep whichever design you like the best. This is the best example of crowdsource design. By doing design this way, crowdsourcing actually increases the quality & decreases the price, compared to online freelancing. Crowdsourcing can also be used to get designs for furniture, fashion, advertisements, video, & product design. Just about anything that can be designed can be crowdsourced.

Crowdfunding involves asking a crowd of people to donate money to your project. For example, if you want to raise $10,000 to pay for studio time to record a new CD, crowdfunding can help you raise that money. You find a crowdfunding platform, set the goal amount, deadline, and any rewards offered to donors. You must raise 100% of your goal before the deadline, or all the donations are returned to the donors. Deadlines are typically less than 60 days. Crowdfunding is mostly used by artists, charities, & start-ups to raise money for projects such as filming a documentary, manufacturing an iPod watch, cancer research, or seed money.

 Microtasking involves breaking work up into tiny tasks and sending the work to a crowd of people. If you have 1,000 photos on your website that need captions, you can ask 1,000

individual people to add a caption to each photo. Break up the work and decide the payment for each completed task. With microtasking, you can expect to see results within minutes. Microtasking can involve tasks such as scanning images, proofreading, database correction and transcribing audio files. Work is done faster, cheaper, and usually with less errors. Additionally, microtasks can often be performed by people in less developed countries, including those with SMS capabilities but without computers.

Crowdvoting occurs when a website gathers a large group's opinions and judgment on a certain topic. The Iowa Electronic Market is a prediction market that gathers crowds' views on politics and tries to ensure accuracy by having participants pay money to buy and sell contracts based on political outcomes. Threadless.com selects the t-shirts it sells by having users provide designs and vote on the ones they like, which are then printed and available for purchase. Despite the small nature of the company, thousands of members provide designs and vote on them, making the website's products truly created and selected by the crowd, rather than by the company alone. Some of the most famous examples have made use of social media channels: Domino's Pizza, Coca Cola, Heineken and Sam Adams have thus crowdsourced a new pizza, song, bottle design or beer, respectively.

Wisdom of the crowd is another type of crowdsourcing that collects large amounts of information and aggregates them to gain a complete and accurate picture of a topic, based on the idea that a group of people is, on average, more knowledgeable than an individual. This idea of collective intelligence proves particularly effective on the Internet because people from diverse backgrounds can contribute in real-time within the same forums. iStockPhoto provides a platform for people to upload photos and purchase them for low prices. Clients can purchase photos through credits, giving photographers a small profit. Again, the photo collection is determined by the crowd's voice for very low prices.

There is a number of motivations for businesses to use crowdsourcing to accomplish tasks, find solutions for problems, or to gather information. These include the ability to offload peak demand, access cheap labor and information, generate better results, access a wider array of talent than might be present in one organization, and undertake problems that would have been too difficult to solve internally. Crowdsourcing allows businesses to submit problems on which contributors can work, such as problems in science, manufacturing, biotech, and medicine, with monetary rewards for successful solutions. Although it can be difficult to crowdsource complicated tasks, simple work tasks can be crowdsourced cheaply and effectively.

While Russian and international companies like Microsoft and P&G use crowdsourcing, Russian small and medium businesses are suspicious about this tool. And there are at least three reasons. First of all, a lot of companies think that crowdsourcing is too expensive. In Russia the term "crowdsourcing" became well-known when Sberbank started "Sberbank Crowdsourcing", where the bank with the help of reviews of their clients and outside experts identified the cause of hundreds of bursts. Many owners of small and medium-sized businesses say that this tool is too expensive for them. This is not so. Initially, crowdsourcing can be either paid or even free of charge. You can pay eminent experts. So does the American company Inno Centive, which invites scientists for the award from $10,000 up to $ 100,000 to solve the problems for Procter&Gamble, DuPont and BASF. But you don't need to pay anything to anyone. Japanese furniture firm "Muji" collects ideas from site visitors about furniture design and the results of the competition runs into production. Also NASA research center attracts amateur astronomers to analyze the images from the surface of Mars. Business costs nothing to organize the discussion in the corporate website or in social networks, this makes crowdsourcing a versatile tool. The thing is that for experts the reward is not as important as the opportunity to participate in the

development of large companies, the opportunity to really change their activity with their advice and ideas. In real life, many talented people have no chance to offer their ideas directly to a large company. So, virtually, crowdsourcing, however, can reduce the cost of the same consulting service, which would cost the company a lot of money.

Another problem is that only few people in Russia believe that the free advice may be good. It is a prejudice that often prevents local companies from using crowdsourcing. Also heads of the companies who are unfamiliar with the practice of crowdsourcing, think that only pensioners and students will give free advice. Experts say that crowdsourcing is just a personal PR when it comes to attracting unskilled young and older people. But the existing projects prove that it is not. For example, the company OmniVision (Russian crowdsourcing project) has about 10 experts - business leaders from different fields - finance, factoring, branding, PR, marketing and crisis management. But still there is a stereotype that a lot of random people can spoil the project. It is important that these people are willing to pay constant attention to the project and take responsibility for what they offer.

Another reason, which still stops companies from using crowdsourcing is its publicity, and therefore fear that competitors will see company's plans. Creator of crowdsourcing project, in contrast, believes that companies can publicly report on what ideas they have used and earn some points. "The companies involved in the project really use advice from experts, - says Mikhail Treyvish (the founder of the OmniVision) - in the near future we will start monitoring the activities of companies to understand how companies are reaping fruits of experts' work". Companies do not fear that someone finds out about the project through their plans and surpass them. In every idea the quality of the incarnation is very important, so if anyone thinks he can realize this service faster and better, let him try. Participation in OmniVision is primarily the ability to know directly the opinion of the target audience - business executives.

Crowdsourcing's biggest benefit is the ability to receive better quality results, since several people offer their best ideas, skills, & support. Crowdsourcing allows you to select the best one of the many options, as opposed to receiving the best option from a single provider. Results can be delivered much quicker than traditional methods, since crowdsourcing is a form of freelancing. You can get a finished video within a month, a finished design or idea within a week, and microtasks appear within minutes. On the other hand, clear instructions are essential in crowdsourcing. You could potentially be searching through thousands of possible ideas, which can be painstaking, or even complicated, if the instructions are not clearly understood. Some forms of crowdsourcing do involve special work, which some people are against. Quality can be difficult to judge if proper expectations are not clearly stated. It can be difficult to crowdsource complicated tasks, simple work tasks can be crowdsourced cheaply and effectively.

In general, time will show the effectiveness of crowdsourcing. Today industrial giants, small companies, research centers, and even legislators use crowdsourcing - some existing Russian laws are written by enthusiasts. Every company that has a lot to ask experts or consumers can try this technology. There is a number of motivations for businesses to use crowdsourcing to accomplish tasks, find solutions for problems, or to gather information. These include the ability to offload peak demand, access cheap labor and information, generate better results, access a wider array of talent than might be present in one organization, and undertake problems that would have been too difficult to solve internally. Crowdsourcing allows businesses to submit problems on which contributors can work, such as problems in science, manufacturing, biotech, and medicine, with monetary rewards for successful solutions. Crowdsourcing also has the potential to be a problem-solving mechanism for government and nonprofit use. In all verity, experts say that crowdsourcing is the future of the Russian and Western economy.