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# Monetising Others' Success



By Liri Andersson , Founder, this fluid world, and INSEAD Guest Lecturer

**Success in the twenty first century will depend on many things, including how well your organisation empowers others to make money.**

There are not many companies that focus on helping other businesses or people make a profit. Yet, it is a capability organisations will benefit from in a digitally enabled world.

Many traditional business models are based around the fundamental corporate truths that:

- An organisation's core product generates the majority of its revenue.
- Revenue is derived directly from a buyer in exchange for the value the organisation has created.
- And value is primarily generated by the organisation through a linear value chain owned and managed by that organisation, with little or no interference from the customer.

Let us put this in the context of a car manufacturer. The majority of their revenue is generated through the sale, financing or leasing of cars. The role

of the customer is to purchase or lease the car, which is manufactured and financed through a value chain owned and controlled by the carmaker.

In this scenario the main focus of an organisation is optimising its own success. The firm is responsible for value creation, thus its monetary success depends on how successful it is at controlling and managing that value chain.

### **A new structure for business**

This is a very different business model to the model of facilitation which is becoming increasingly popular (and successful) in today's digital world.

Take Google, for instance, one of the world's most successful companies. Google's core products include services such as search, Gmail, and Google Maps; all of which generate very little revenue for the company. Most of Google's profit is derived from AdWords, a solution that places advertising near the list of search results. The more time people spend using the firm's services the more revenue the company generates. Hence Google's main focus is not on selling products and services, but on offering solutions that ensure people spend a substantial amount of time on-line.

Google actively encourages the organisation to develop free products, and consumers to use, adapt and integrate these in their own solutions. By doing so it facilitates other people's value creation - the mail system of many businesses operate from a Google API while Google Maps is integrated into many websites.

In Google's business model, the user plays an active role in the creation of value and in the further distribution of that value, often monetising along the way. Google's value chain is far from linear, the company does not control all value creation, nor does Google own the value chain.

In this scenario the organisation's main focus is facilitating others' success. The firm creates value, for itself and others, through a shared value chain. Monetising depends on how successful it is at facilitating not just its own, but other people's success.

### **Generating revenue through facilitation**

Let us look at other organisations which operate from the premise of monetising on other's success.

Airbnb acts as a facilitator by connecting people wanting to profit by renting out their properties to people looking for a human holiday experience. Here, the host creates the majority of the value, and reaps the majority of the revenue.

Etsy acts as a facilitator by connecting people wanting to monetise by selling their handmade goods, to people looking to buy vintage or handcrafted items. The maker of the item creates the majority of the value and receives the majority of the revenue.

Airbnb and Etsy do not control the value creation, nor do they own or manage the value chain. Their role is to facilitate value creation, and by doing so multiply that value exponentially. A similar analysis can be done for the business model of eBay and Amazon Marketplace.

How well these organisations and others monetise in the future will partially depend on how successful they are at assisting other people's value creation and success. The more the user succeeds, the more indispensable the facilitator will become to that user.

### **A hybrid model**

For traditional organisations success will most likely come from a hybrid model, one where the firm creates value from its products and services while simultaneously allowing people to add to that value by co-creating or adapting the product, and by doing so increase their own chance of success.

To capitalise on this I recommend that organisations, whatever business they are in, ask themselves three questions:

1. Can we facilitate a scenario where others can adapt our product, allowing them to monetise?
2. Can we develop a related service aimed at facilitating others success and monetisation?
3. Can we develop tools or a platform connected to our offer that facilitates others to monetise?

By considering ways in which to facilitate the monetisation of others, organisations may find that as well as increasing the value they create, the use of their product and customer loyalty, they will be generating new

revenue for their own organisation.

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