



## Monitoring Network Members

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You constantly hear how networks and online communities are self-policing and require no leadership or monitoring. This is not entirely true: They need to be monitored to ensure compliance and convergence of incentives with that of the community.

### Monitoring and Failure Stories

Network stories are lopsided in favor of success. You rarely hear of failures or governance problems; that does not mean failures and problems do not exist. Below are some of the realities that the stories leave out.

1. eBay's sellers rating system has been hailed as an example of how an online community can police itself. However, what you rarely hear is that the system faced serious bumps between 2000 and 2004. In their book [Who Controls the Internet?](#), Goldsmith and Wu provide, among other stories, a fascinating account of how eBay has maintained a fraud investigation team headed by an "eBay cop." In 2005, the department employed a full-time security staff of about 800 people.
2. You should not forget that with [Wikipedia](#) and open source, in general, the final product involves committee decisions and filters. For Wikipedia, the final editor can make numerous changes. Moreover, to a large extent, Wikipedia's success is because the public's incentives to screw it up are relatively small; that is, most people want to see it work. In addition, wiki failure stories, such as the [LA Times' editorial experiment](#) and [Penguin Books' novel writing attempt](#), are rarely discussed.
3. [Apache](#), the dominant HTTP server–software provider, has adopted a system of e-mail voting, with complex rules to ensure consensus within the Apache Group.
4. The proliferation of videos will increase spam content that is hard to detect and filter out. This is not good news to, for example, brand owners. Thus, video

spam provides additional support for a cooperative arrangement between brand and domain owners instead of the doomed strategy of indiscriminate legal action against brand-sharing domain owners.

### **Correct Incentives**

Brand owners need to design and enforce incentives to align the goals within a brand-sharing community network. A response plan obviously cannot foresee all future problems. Thus, it is important to communicate broad guidelines of unacceptable member behavior and proactively have procedures on how to respond in the event of guideline violations. Yet network managers need to allow experimentation and also learn from mistakes.

Nevertheless, designing effective incentives is not easy. For example, when six daycare centers in Haifa, Israel, began fining parents for late pick-ups, the number of tardy parents unexpectedly doubled. One explanation is that the fine seems to have reduced their ethical obligation to avoid inconveniencing the teachers. They started thinking of lateness as simply a commodity they could purchase.

Studies show that incentives can also have the opposite effect when an employee mistrusts the employer or the employee is perceived to be greedy. Applying such findings to situations whereby brand owners take indiscriminate action against domain owners can backfire because domain owners interpret the action as a sign of mistrust and manipulation.

To improve incentives and decrease customer confusion, network centers, such as brand owners, can devise a system of accrediting brand-sharing domain names, for example by placing a “seal of approval” image on member Web sites.

### **Outdated Management Solutions**

Managers and the business schools have started raising questions about the performance of our top MBAs in (mis)managing corporate risk and bringing the planet to financial meltdown. The real world cannot be run by an outdated standardized approach of, say, indiscriminately taking legal action against brand-sharing domain owners. Thus, a cooperative monitoring approach is needed. ■