

Society 3.0

Mastering the Global Transition on Our Way to
Society 3.0

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PREFACE

When Ronald asked me to write this preface, I didn't give it a second thought! Ronald is, and has been, my business-associate for many years, so it's more than my pleasure to add some words to his book.

Ronald is an extremely analytical man. He is capable of absorbing mountains of information and see the cross connections others don't see. He thinks with lightening speed and is always ahead of the crowd (this makes him impatient every now and then).

I experienced his huge innovation power and his willingness to allow me to explore my own talents to translate our mutual vision into reality, creating perspective for all stakeholders in our value network.

May I take you back a couple of years? We were active in the world of meetings, conventions, and trainings by offering physical locations. However the years of economic abundance and growth are over. We see the change of our society, contaminating our markets. Ronald and I experience powerlessness from our traditional clients. They are lost and if we, as an organization, wouldn't be careful we could have been sucked into their downfall. We like the old Chinese saying "When the winds of change are blowing, some people are building shelters and others are building windmills".

So we chose the windmill option!

Our holding company is called CDEF, an abbreviation of the Spanish 'Cada Dia Es una Fiesta': everyday should be a celebration! This credo

requires an attitude to start everyday with a healthy dose of playful curiosity. This, in turn, gives our stakeholders and us the opportunity to do the things we enjoy doing. And working with pleasure means following your passion and creating space for innovation.

We are looking ahead into the future on a daily basis, and discuss all development we see with our stakeholders. We analyze our mistakes openly. As a result, our 'markets' do not surprise us often. A society in transformation, failing government and politicians, and technological developments result in the increasing virtual connectivity of our stakeholders. These are developments we saw already years ago. We have to look ahead; we have to offer sustainable products and services needed by the market tomorrow. The present transition of our society becomes visible by the crises we are going through. For us, however, it is a time of major opportunities.

We see people organizing themselves without organizations, getting stuff from each other, and creating value every day. Often, we use reciprocity as a currency. The Web has made us 'social'; people are connected locally and globally. Mobility has become a reality. Many traditional organizations run into trouble, stuck with their old strategies of cost cutting to achieve more efficiency and only grow by (often too expensive) takeovers. Traditional employees lose their security and trust in these corporations and many decide to become a self-enterprising professional or knowmad. Step by step, we see a growing demand for what we call 'coworking,' flexible office- and meeting space locations.

In 2007, we saw an opportunity for a disruptive innovation of the traditional 'corporate meeting market.' In one of the suburbs of the Dutch city of Utrecht, we started a (silent) pilot with clients who are eager to change. We call this formula Seats2meet.com, a strong brand name as it proves by now. Good and creative thinking, Ronald!

After the pilot, it was time for the serious stuff. In the fall of 2008 we were able to get office space within walking distance of the largest central station in The Netherlands, above the Hoog Catharijne shopping mall. We stripped the entire place. And, we rebuilt it from scratch.

Our concept?

We created THE meeting point, the starting point, the incubation space, and the inspirational atmosphere for off- and on-line value creation. In the offline mode, the central 'lobby' is the heart of the location. We offer FREE coworking and also offer free coffee, tea and lunch. Around the corner from the lobby, we offer meeting rooms and shared office spaces. We offer our stakeholders a sophisticated online reservation system, including a property management- and yield management system through which we achieve an optimal occupancy in the right balance at an optimal 'price.' We offer freedom for clients to book, but also to cancel their space reservation with no penalties. Vitally important to us are the social connections and new value creation between people, not so much the offering of hardware (spaces). We offer the software to third parties, which made us grow within years to become the leading organization in The Netherlands in this field. We are on the brink of an international breakthrough, and we are already open (or will be shortly) in Japan, Belgium, Egypt, Spain, The UK, Germany, India, and the USA.

We think that by creating abundance by opening up the organization, seeking stakeholder connection and engagement, and by offering a serendipitous stage for new value creation by transforming stakeholders to become a 'better' professional, we have created, what we like to call, a Society 3.0 Ecosystem. The founder of this vision, Ronald, will explain and elaborate on the topic in this book.

I am convinced that this book *Society 3.0* will inspire you, as mastering the *Global Transition on our way to Society 3.0* inspires me daily! This book will assist you to achieve open innovation and explore the road to become a Society 3.0 global citizen, creating value with the organization 3.0. The book puts all development into the right context and perspective, and makes the daily dynamics of our time understandable. In the end, it makes you a better person looking ahead with confidence into our future. The glorious Society 3.0 is imminent!

Mariëlle Sijgers
Co-founder CDEF Holding BV.
December 2013.

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Genetic transfer
Stories, experiences
Life is eternal

1

A REVOLUTION IS ALWAYS THE CONCLUSION OF DECADENCE

You and I live at a juncture. There is no escaping it. The certainties of yesterday are gone. One after another, there is anew crisis. Our financial systems failed and dragged us into an economic recession of unknown proportions. The cogwheels of our society have stopped. Everywhere you look, there are traffic jams. A crisis – or more?

Our technological and social mobility are greater than ever. Our world seems to have shifted into top gear, but why are its wheels not turning? Every right-minded person must agree that our countries are being derailed structurally. Our craving for the faster, bigger, and better has crippled us. This makes me angry – angry that we do not allow ourselves to use new technologies, new ventures, new legislation; and that the political and governmental elite of Europe is redistributing, in a very inefficient way, over 50% of our Gross National Product. This is like they did 100 years ago, and with the approval of the established, larger corporations.

When we look at the European road systems, people tend to smile with pity. Getting around by car has become a contradiction. We are stuck in traffic jams more often, for a longer period of time, and this can happen at any time of day. It is such a shame after all those (alleged) efforts by our governments. The extensive road system serves as a model for the state of our nations. Some stretches of road are wide enough and properly surfaced; while other stretches show the signs of overdue maintenance. Privately owned highways, like in France, are making profits higher than ever on tolls, but going to a highway petrol station means you will have to get in a queue, and it

often will cost you over one hour just to get some gas. The plentitude of traffic rules, signs, CCTV, and speed traps have given us the illusion that we have everything under control. And, it has cost us a bundle!

In China, about four thousand miles of highways are constructed annually. In The Netherlands, we reach a mere seventy kilometers. In addition, the European public transport system is not providing the answer either. This sector, which has been in an identity crisis for years between a private company and a government service, will never be able to meet the rising demand of its services. The annual traffic jam length in The Netherlands has been dropping roughly since 2010/2011, and that really worries me. It means that economic activities are slowing down more than we expected.

Looking at The Netherlands as an example, a symbol of the 'richer' Northern European countries, we have to realize that many (semi-public) organizations are no longer capable of doing what we call their 'core-activity'. Take the construction industry for example: property developers, builders, investors, and the government have shamelessly capitalized on this self-created shortage, and they have allowed the average cost for building a home to rise more than 5% each year. Housing corporations are the biggest players in this sector. They were given the task to create affordable housing for everybody. Unfortunately, they have been busy with polishing the silverware and enriching themselves. They bought hotels, residential areas abroad, islands, and cruise liners. Or, they found it necessary to invest public funds in Icelandic banks. They have wasted a lot of money – billions of Euros – and, yet, they are still called 'housing' corporations.

Our schools still educate people in an industrial way. Students are 'end products', however, they are prepared to fill jobs which no longer exist. There is an enormous mismatch. Youth unemployment throughout the European Union is staggering.

What about the healthcare system? There is no movement there either. Players bicker about capacity. They bicker about remuneration, quality, funding, overspending, and about a free market. But what about the patients? They are left totally out of the picture, and the result is waiting lists in hospitals – hospitals that go bankrupt, but are bailed out by the government. Another result can be found in European

elderly nursing institutions, where annually, hundreds of people die unnecessarily due to bad management and lack of leadership. We are getting older and older. The system costs of elderly care, as well as our health systems, are astronomical.

The resulting indecisiveness of our political leaders has proven to be crippling for the innovative forces of Europe. All in all, our political system has survived itself. The gap between the voter and candidate has never been so wide. First of all, we have the central European government with the European Parliament: a non-transparent, but costly layer. Then, the national government, with beneath that, a layer which is called the province, Bundesland, or county. Finally, you end up in the pit that citizens and entrepreneurs deal with the most: the local municipal government. And, in between, there are all kinds of semi-governmental organizations, or quangos (quasi non governmental organizations). All in all, they are a suffocating blanket of governmental institutions, consuming, costing, and redistributing over 60% of our Gross National Product.

1.1

A decadent society: the end of Europe as we know it

We are living in the aftermath of the plutocracy of the previous century. We are stuck due to the dynamics around us. We do not oversee our actions throughout our social, economic, and political systems – systems dating back over 200 years. Some European countries are still rich, while others are not. Gradually, there is an awareness that our wealth is gone. There is awareness, especially among younger people, that things can and have to be organized differently. Forced innovation, or 'revolution' by the 'lower caste' is something of all ages. So, be prepared: 'all is quiet' can, under the influence of the modern social media, change in no time.

Robert Adams mentions in his book, *Decadent Societies*, five drivers leading to the decay of rich and influential societies:

- Indecisive leadership
- Extreme taxes
- Social inequality
- Extensive laws and rules
- Smugness and arrogance

Decadence in Europe? Let's do some checking:

Moving the European Assembly every two months between Brussels and Strasbourg is costing us €200 million per year as a result of an old compromise, still stubbornly in place.

The average Dutch European Parliament member earns a monthly salary of €6,000 (after taxes!), has a monthly expense account of €4,000, and is allowed to spend €21,000 on staff each month. 'Staff' may be his/her partner, child or any other broadly-permitted designee. Members have access to Mercedes limousine transportation in Strasbourg and Brussels, making an average of €1,000 per trip to their home country. On top of that, there is a royal pension arrangement the likes of which we 'paupers' can only dream of obtaining.

Construction of an 'office' (headquarters) for the European bank in Frankfurt, Germany cost €1.2 billion in 2013.

In spite of the fact that in The Netherlands there are over 1 million square meters of empty office space, the European Patent Or-

ganization is building a new office near The Hague. 'One of the largest building sites in this country, over 80,000 square meters'. For me, this tower-shaped building is giving a symbolic 'middle finger' to the European taxpayer.

In Europe, we redistribute only € 140 billion annually. That amount has to increase, crisis or not: the two European self-appointed leaders (President of the European Council and President of the European Commission) have asked for a European budget for the coming years (2014-2020) of a staggering €1 trillion(!).

Nevertheless, the European Commission (EC) annually spends more than the budget and the European countries (taxpayers) can afford: an additional € 7 billion in 2013!

According to a 'secret' investigation of the European Audit Committee, a meeting of the Euro Agency EFSA board costs taxpayers €92,000. This agency is one of the 30 European Agencies, each having between 30 and 80 board members. Together, they spend € 1.5 billion per year, and nobody has a clue how, and how appropriately, this is done.

One market? When it suits us – otherwise, forget it!

Germany is blocking any European equalization on European cross-border trucking, as the lobby of Deutsche Bahn (German railway company) is against any improvements to road transportation. And, in The Netherlands, the Secretary of State is an errand boy (or girl, in this case) for Nederlandse Spoorwegen (primary Netherlands railway operator). In 2013, she fought the introduction of foreign train companies on the Dutch infrastructure all the way to the European courts. In the UK, the postal service, Royal Mail, even after going public, doesn't have to pay the 20% VAT, a luxury commercial postal services don't have. Germany is blocking of new CO₂ regulations for cars, as its automotive industry has problems coping with these new rules. But, they are quick when they want to impose a highway tax for non-German cars

On a country level: the soccer club Real Madrid of Spain buys, in 2013, a soccer player for €100 million, despite having a debt of €600 million. The deal is financed through a Spanish Bank, which, in turn, has recently been saved by the European taxpayer for an amount of

€18 billion. And then, they 'fix' their matches, so the European taxpayer is screwed twice. In total, all Spanish soccer clubs have a debt with the banks and government tax offices of almost €5 billion. In this way, 'sport' is obviously not healthy.

France is planning to impose, unilaterally to other Europeans, an 'air tax', while Germany and Austria want a 'transit road tax'. And the Germans can't even finish building a new Berlin airport. Even after spending €5 billion (double the budget), nobody in 2013 dares to predict when it will be open. Opening a Seats2meet.com location in Greece leads to warnings from Greek entrepreneurs 'not to establish a corporation in Greece itself, because the cost are diffused, and the bureaucracy is killing any entrepreneurial initiatives'.

The smallest legal stupidity: VAT ('value added tax' or 'sales tax') on rabbit food is 6%, but for guinea pig food, the VAT is 21%. A rabbit can be eaten, where in Europe, a guinea pig is a luxury pet. Bird seed is 6%, but 'sing-bird-seed', you guessed it right, is 21%. And if you want to produce a meatball, you'd better check Commission Regulation (EC) No 1162/2009 of 30 November 2009, 'laying down transitional measures for the implementation of Regulations (EC) No 853/2004, (EC) No 854/2004 and (EC) No 882/2004 of the European Parliament and of the Council' in order to comply with this 'One European Market.'

Is any of this recognizable?

A whole generation has lost its way. And, with it, are its corporate and governmental organizations. Our Europe is showing all Adams' symptoms. The future is unstable, as politicians focus on fragmentation, damage control, and polarization.

On a European, national, and local levels there are no longer big majority governments, so real decisions are no longer taken. The traditional corporate, governmental, and political establishment does not see the reality of the changing society. They refuse to abrogate their institutions, so in order to finance this old system, taxes will go up in the coming years, decreasing the buying power of the taxpayers, thus leaving the economy in its zombie state. Greece is already forced to sell its assets, so if you want harbors, trains, and other infrastructural stuff, you know where to go.

We still refuse to realize that our growth of the past decades was based on creating debt, and that this game of debt creation is still a reality today. We also forgot that economics is a social science and not a mathematical prediction machine.

Let there be no doubt about it: I am in favor of Europe as a network of smart, collaborative, Society 3.0 citizens. That is why I am against any further development of Europe! In spite of the good intentions in the 1950s, when the European Community for Coal and Steel was founded in order to prevent future wars between Germany and France, this construct cannot be maintained in its present state.

In the coming decade, I foresee a split within Europe: countries will leave the system and form smaller cooperatives with each other, like a Scandinavian or a German-Dutch-Belgium-Luxemburg combination. Or, they could remain part of the Euro as a currency, but leave the rest of the European Community.

1.2 **Europe: the zombie shopping mall**

The Austrian architect Victor Gruen invented the shopping mall. The design of such a mega shopping center is aimed at disorienting visitors when they enter the complex, make them lose sight of time and reality, and this causes them to buy completely different things than they came for.

Our society is like a shopping mall, a zombie economy. It is a society of the living dead, in which all sight of reality has been lost. A society that is like an almost bankrupt store with empty or scarcely-filled shelves, with highly overpriced, inferior products and long queues in front of the tills. It is a shop with customers who are forced to drift about and is manned by impolite and indifferent staff. Naturally, it has an actual management who drive around in big cars, who live plush lives, and who drive from one old boy's network to another to compare each other's bonuses: 'We are doing so well!' Because once the economy bounces back, it is business as usual, right?

So let me ask you: do you really think that our banks are capable of repaying the 'emergency loans' our 'financial governmental leaders' lent to them? Loans with a value in Europe of over €1.6 trillion!

“Ronald, what are you worrying about?” people often ask me. “You can’t change the situation.” Our brains are indeed conditioned to maintain the status quo. We are comfortable in familiar lifestyles and we have learned to amble about it. We are only prepared to change if we really have to, and if there is no other option – in times of crisis, for example.

Yet, there is a crisis now!

We find ourselves in a crisis of unprecedented proportions. It is much larger than the visible financial crisis. According to the economist Tomáš Sedláček in his 2009 book *Economics of Good and Evil* we made the economic system following instead of leading the system, and we created more debt, which we mistook for economic growth.

We are at a turning point in our society, which is not obvious to everyone, but at point in which we will all go through. This juncture reminds me of Copernicus. Around the year 1500, he posited that the planets revolved around the Sun in his heliocentric theory. In doing so, he contradicted mainstay public opinion that the Earth was at the center of the Universe. But Copernicus struggled with his theory, because it undermined the fundamental values of religion, science, and the political and royal powers.

My human-centric theory revolves around the human being. In particular, the organizations revolve around the human being. This means there is a new spotlight, a new frame of reference, which means that manufacturers, service providers, or society as a whole, no longer have a leading role in the events that shape the world.

It is time to change. It is time to make a U-turn. It is time to take responsibility.

This is natural for me. I have never believed that ‘nothing can be done about it’. This is why I became an entrepreneur: it is possible to do something about it! And, that goes for everybody. You can always take action and take responsibility. You have to have self-confidence, and faith in the process because it is always impossible to know what changes will lead to. Call it a chaos theory, which does not make it easy for us. We cannot predict the outcome of our changes, because

each step leads to an increasingly uncertain outcome, which means that the solutions or views we are heading to are quite unpredictable. Change scares people; we prefer to hold on to (apparent) certainties, even though our social- and economic system has collapsed like a house of cards.

1.3 Stuck? Move your a..!

During a gathering at Nijenrode University in 2009, C.K. Prahalad, an unequaled management thinker in my book, showed a YouTube advertisement video, which is still popular today. Not due to the company behind the video, but due to the story told: two people are riding an escalator. The escalator suddenly stops. The two stranded people do not know what to do, except call for help and reassure each other that help is on the way.

It is an excellent metaphor for our times: it goes without saying that the economy will grow. We believe we can hitch a ride on the road well-travelled and take credit for it. We think that everything will right itself, but not essentially contribute to a responsible economic and social addition to value. In the YouTube video, the main characters first complain about others. They complain about overdue maintenance on the escalator, and that there should have been a lot more escalators. They look at each other helplessly, but do not want to admit they are powerless or wonder, 'what should we do now that the escalator is stuck?' The solution is, of course, painfully obvious. If the escalator is stuck, you start walking, you take matters into your own hands, and you mobilize yourself! Yes, change can be scary, especially if you have gotten hold of a comfortable, plush spot. Change can be painful; in particular, if you only focus on what you can lose, and don't look at what you can gain. And, there is so much to gain.

I like to look forward, and focus on this view in this book. Can tomorrow be different from today? In fact, we have to do things differently tomorrow, because if we continue in this way, The Netherlands and Europe will globally fall behind even more. What can we do, or do we have to do, to change, and how can we do that? And why is it also fun and easy to make significant changes? I speak to audiences about this on stage on a regular basis, and I thought it was time to

write it down. Our world is already changing significantly, and a lot of good things are already taking place. But, if we want these efforts to blossom in the future, we will have to do some serious pruning in other areas.

Which areas are growing? If you look around you, you can see a growing group of people who are living and working differently than usual. A new world has arisen parallel to our current conventional economic reality, which is creating sustainable value every day. This added value does not always go hand in hand with monetary reward. I'm talking about a world where people work together in coalitions of opportunity and temporary collaborations. And, these people share, share, and share. In this world, it is understood that sharing is equal to multiplying. A revolution in thinking has taken place in this world. One that seems to be very profitable: in value and especially in happiness. Where can you find this world? Everywhere. The easiest road is found on the Internet. I am talking about the world of (virtual) social networks. Many think it is a strange and especially fast-paced world that flies past like a bullet train, but this is not the case for the people who have already jumped onboard...

If you watch a train drive by, it's travelling very fast, but if you are on board that train, it doesn't feel like you are travelling that swiftly. The train even seems like a haven. It is a place to reflect. A place to meet other people, start up a conversation, and listen to other people's stories.

Virtual and social networks are places on the Internet where like-minded people find each other. Outsiders often do not understand this, and thus underestimate the strength behind them. A new world literally opens up for members of these networks; there's an abundance of ideas, knowledge, and lots of amazing people. Money is not necessarily the leading motive here. There are almost natural universal ethics, and an unwritten constructive code of conduct is upheld. Many discussions take place in and about this world while – a very important factor for me – a lot of responsibility is shown. Social networks are popping out of the woodwork. And, like any good network, their powers are growing exponentially. After they connect, they begin to share. They share knowledge and experiences about all kinds of products and services. Ultimately, people start making

stuff themselves. Or, they 'co-create' stuff with organizations they like. Publishing, access to knowledge, actually making or producing stuff, thanks to 3D printers, is not for the happy few anymore. Marx would be delighted!

Outsiders and established market players fail to notice this and are in danger of missing the boat. There are endless forms of collaboration. There are project groups and knowledge-based groups, but there are also groups with a commercial goal, who, as a group, buy or sell their (group) services. Informal social networks of connected people are our future powerhouses, or rather, power sources. Some already are! As a government, entrepreneur, service provider, or manufacturer, it is paramount to enter into this world. In principle, it's never too late, but remember that developments in social networks move faster than you are used to.

1.4

Our mission: access is more important than possession; the personal is global

Let's connect the world of the old system, at least the salvageable parts, with these new power centers. I think the key to new added value (that will help us recover from this crisis) lies here. We are growing in spurts into an interdependent economy, in which the old economy's scarcity is transformed into collective abundance. We need a new democratic model for this, one in which we work together in a different manner. Nouveau work. And, we accomplish this within open and non-hierarchical organizational structures.

We all join network organizations that are in harmony with their environment, which results in sustainable operational processes. New social software will make this all possible. Individuals present and organize themselves on the Internet, and, in this manner, they get in touch with like-minded people. Naturally, their communication is multilingual because the Internet can translate (literally). Groups can work together, grow organizationally, and merge. All the social software is accessible through the Internet, and is largely free of charge. No more investing in hardware and software; instead, using subscriptions in which one only pays for services used.

In this way, access becomes more important than possession, which is illustrative for society as a whole.

The people of today and tomorrow, and the more classic people of yesterday and today, depend on each other to create sustainable value. In this way, the social virtual network acts as the mobile cement of this new creation of value. People from Society 3.0 still want to work with you and each other, but no longer under the terms of employment. They work in different teams for different clients simultaneously. One moment they consult as an expert, the other they experience the role of a customer.

The added value of tomorrow arises from the mobility of people, knowledge, and energy. It arises from people who strive for the same goal from within their social network structures. The knowledge that is shared results in new knowledge, and thus, new added value. The energy and interpretation that is involved with this turns 'the plush human being' into a valued member of the new tribe again, and the tribe is part of a society that is a nice place in which to live – for everyone, anywhere in the world, at home, and far away. The personal is global. As far as I am concerned, this is the new perspective. It is a beckoning perspective.

On average, we are not that mobile anymore. On the road to that beautiful interdependent Society 3.0, you and I will have to learn to walk again. By trial and error, we will have to think about the necessary, fundamental changes in our society. We must learn to view our social problems in a new light. Generally, we will have to learn to treat each other, live together, and share together in new ways. How will you learn to love that new mobility if you remain stationary? I think that is the main question we need to ask ourselves now, at the start of the 21st century. The right answer will bring us a new Golden Age, but this one will include everybody.

1.5

Note from the author

This book is a snapshot. As we speak, or while reading this book, new social and technical developments are born. This book has an end, but the ideas of a Society 3.0 do not stop here. Recent developments, discussions, and meetings take place on the book's website:

www.Society30.com. On this platform, the content of this book is evaluated, contradicted, deepened, and extended. You will also find apps, games, and general information, in addition to the lists of all resources consulted.

To my readers, I have to apologize up front: I am aware that, in certain cultures, it is inappropriate to criticize publicly your country, government, organizations, and people. However, being Dutch, I have a tendency to be very direct, as you may have noticed while reading the first pages of this book. And, too many institutions and their people have lost their credit in my eyes, so please forgive my inclination to 'call a spade a spade'.

In a sense, this book is the result of a value network. In our Seats2meet.com ecosystem, there are many active innovators who develop new ideas on a daily basis, and the incubation of projects and new companies prosper due to many actors, some of whom I know through social media and their stories. Actually, these people are my co-creators: their books, blog stories, and tweets inspired me. Their questions and reactions to my blog postings kept me sharp. Many experts, like Joseph Pine, John Moravec, Sebastian Olma, Cees Hoogendijk, and Marco Derksen have been interviewed by me or acted as verbal sparring partners. A production team of knowmads (or independent professionals) assisted me in the basics of publishing a book. Thank you Vincent, Elise, Anne-Kee, Ferhaan, and Albertine. And Cees Hoogendijk for the (un)grateful task of coaching me and editing the initial Dutch version of this book and Chloe Taipale with John Moravec for being our English editors.

The production team used many software products from our Cyberdigma Lab, where specialists like Wouter, Dennis, Peter and Nancy, complemented by a team of independent professionals like Eric, Horst, Jurjen, and many others, make great stuff every day.

All in all, there are many people who have added something vital to this Society 3.0 value network – too many to mention them all. There are my daily sources of inspiration: my colleagues from the Seats2meet.com organization (operating under the inspiring leadership of Linda and Marloes) and all its stakeholders, whom I meet daily, in real life, and virtually on the Web. I give special thanks to

my business associate, Mrs. Marielle Sijgers, with whom I have had the pleasure of a successful collaboration for more than 15 years. Finally, there is my wife, with whom I try to coach three adolescents who are permanently gaming, Facebook-ing, and What's App-ing, on their way to Society 3.0.

I wish you, my readers, inspiration, wisdom, health, and hope while reading this book!

Ronald van den Hoff @rvandenhoff
The Netherlands,
Spring 2014.

This book was first published in Dutch in 2011. This international version was translated, updated, and partially rewritten in the summer and fall of 2013.

A revolution is always the conclusion of decadence

A picture, a thought

Sun, spirituality

Reflections of life

Reflections of life

Sun, spirituality

A picture, a thought

2

THE ZOMBIE STATE OF OUR SOCIETY

The economy has become a zombie economy. 20th Century business is unable to grapple with the challenges of the 21st Century. Vast swathes of the economy are paralyzed and crippled: inhabited only by zombie companies. They are the economic living dead: unable to create authentic value.

– Umair Haque in his Harvard blog, 2010

The economist and Nobel Prize winner Friedrich Hayek warned us in 1941, after the Wall Street crisis of 1929 and the resulting Great Depression:

“The past instability of the market economy is the consequence of the exclusion of the most important regulator of the market mechanism, money, from itself being regulated by the market process.”

Hayek thought that central bankers could never have the proper information to ‘manage and control’ the financial system. The world market, according to Hayek, was too complex for that. Again, that was in 1941!

In the classical economic theory, the market is always on the move to its equilibrium, the market balance. Billionaire George Soros introduces, in his 1987 book *The Alchemy of Finance*, ‘reflexivity’. In this theory, Soros argues that markets are, by definition, unstable due to intangible influences not calculated in the existing economic models. By this, he means national financial supervisors are missing the real picture on the playing field of subjectively-formed bank credit ratings. These ratings, and other intangibles, have a huge impact on the

behavior of other players in the economy, and cause an unpredictable imbalance.

When we realize that the global stock markets between 2002 and 2008 grew from \$35 trillion to \$115 trillion (a growth of over 230%), but that the expansion of the real economy only was about 50%, we see some of that 'imbalance'. Value creation by using money to make more money always has been a fundamental weakness of our financial systems. When politicians than mentally forget that this growth is not growth, but in fact more debt creation, the result is a financial system holding us collectively hostage.

Many commercial and governmental organizations thankfully used this instability, almost invisibly due the lack of transparency, to divert huge money streams and presented us, with joy, all kinds of superfluous products and services. And, we, as consumers, consumed all there was to be consumed!

In 1999, the US left the Glass-Steagall doctrine. The 'wall' between classic savings banks (earning money on the savings of people) and commercial banks (making money with money) was torn down. It was the staircase to the financial downfall. We saw money institutions become bigger and bigger. It was no longer clear who owned the money, nor where the ownership (and thus, responsibility for the debts) fell. On top of that, the Federal Reserve Bank of the US kept the interest rate low to stimulate the economy after the Internet bubble collapsed in 2002. The mountain of cheap money was supplemented by even more money from the Far East and Europe. Simply making money by putting surplus funds into a savings account wasn't earning enough interest. So, in the meantime, besides the consumer, the European pension funds, local municipalities, and other semi-governmental institutions also got access to this pile of cheap money. They also started making money with money. The casino was open!

Profits were high and losing money was only a 'theoretical' possibility for pessimists. The craving for more and more, stimulated by the well-known bonus systems, created all kinds of new financial products and new terminologies entering the boardrooms: derivatives, securitizations, leverages, off balance products, and collateralized debt obligations (called by insiders 'Chernobyl Death Obliga-