SUMMARY

PEERS INC

ROBIN CHASE

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Summary of “Peers Inc.” by Robin Chase

Written by Alyssa Burnette

Learn about the power of the collaborative economy and why it’s changing the world.

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Introduction

Merriam-Webster defines your "peers" as being "people who are of equal social standing with each other" or "people who belong to the same societal group." So, we know right away that anything involving peers is based on the concept of equality. And that philosophy of equality is exactly what drives the author's economic system. It's what inspired her to create her company Zipcar. That's because Robin Chase believes that the world should run on something called a "collaborative economy." Over the course of this summary, we'll explore the value and function of a collaborative economy and why the author believes that it can change the world. But for starters, what you need to know is that a collaborative economy is all about a group of equals sharing with one another. Sounds pretty great, right?

What is A Collaborative Economy?

If a collaborative economy is all about equals sharing with each other, then it might just be the best economic model out there! But how is that different from our current economic model? And why aren't more people familiar with it? To unpack those questions, let's start by exploring the true definition of a collaborative economy. The popular financial website Investopedia defines this economic model as being "a marketplace where consumers rely on each other instead of large companies to meet their wants and needs. Collaborative economies consist of giving, swapping, borrowing, trading, renting, and sharing products and services for a fee, between an individual who has something and an individual who needs something — generally with the help of a web-based middleman. A collaborative economy may also be known as a "shared economy," "sharing economy," or a "peer-to-peer economy." Put simply, it's an economic model that runs on the old saying "sharing is caring."

But if a collaborative economy is so awesome, why isn't it the only system we use? Economist Jake Frankenfield observes that this economic model-- like any other-- faces a few unique challenges that can make it difficult to implement. For example, Frankenfield posits that "businesses that rely on customers who buy something rather than share it face a significant threat from businesses in the collaborative economy. Research shows that customers will consider sharing instead of buying if it will result in cost savings of at least 25%, if it is more convenient, or if it offers access to brand-name items. Likewise, sharers can be converted to buyers for the same reasons. Ownership-based companies can join forces with borrowing- or sharing-based companies so that both benefit, for example, specialty grocer Whole Foods's collaboration with Instacart, a grocery delivery service provided by independent contractors who work on their schedules.

A big uncertainty surrounding many collaborative economy companies is regulation. Collaborative platforms like Uber and Airbnb have faced well-publicized regulatory battles in numerous cities where their long-established competitors have tried to use fear of consumer harm as a premise, sometimes valid and sometimes overblown, to implement regulations to put these new companies out of business or to make doing business more difficult."

So, now that we've examined the core principles of a collaborative economy and its unique challenges, it's time to consider another question: how does a collaborative economy differ from our current economic model? Well, the key difference lies in something called "excess capacity." Our current economic model isn't terribly concerned with excess capacity. In fact, capitalists are a pretty big fan of this excess. That's because capitalism is primarily concerned with the production and consumption of goods and services. So, as long as people are buying things, capitalists don't really care if you have too much of any one thing or if you aren't getting the best value for your money. And excess capacity is characterized by both of those things. You can think of an excess capacity as being anything that you don't really use. For example, if you had a second bedroom and you didn't use it, this would be excess capacity. You could live in that bedroom or hire it out as a sort of Airbnb situation. If you did either of those things, you could gain something from the bedroom. For example, it could be useful as a living space or as a source of income. But if you don't do either of those things and the bedroom just sits there, empty and useless, then it's just something you own that you don't use.

The author observes that this problem often occurs with many things we own and that this is especially true of cars. It's even worse if you live in a city with a thriving public transportation industry like New York City. Because if you live in New York City, you have so many transportation options available that you would rarely use your car. So, if you only use your car for long trips and it sits unused in your apartment parking garage, it's exactly the same as that hypothetical spare bedroom. But even though you're not using your car, it's still costing you. You might not drive it every day, but you still have to pay for insurance and parking permits and all the other costs that come with car ownership. And, from Robin Chase's perspective, that's hardly an efficient use of your money or your car. So, that's why she started asking: what if you shared your car? What if you could profit from your unused resources and help other people in the process?

That question motivated her to create Zipcar: a car rental and ride-sharing service. Put simply, Zipcar's mission is to make the world a better place by providing accessible transportation to everyone. And it does this by connecting car owners with people who need cars through a convenient sign-up process and a small fee. And as an added bonus, Zipcar is also beneficial for the environment! Because it encourages people to pool their resources by sharing a car or driving only when it's absolutely necessary, services like Zipcar are doing their part to reduce toxic emissions in big cities. It's a win-win all the way around! And as you can see from this example, Zipcar's core philosophy is to encourage people to share their resources and help others get what they need! This is a perfect example of a collaborative economy. And over the course of this summary, we'll take a closer look at the principles of a collaborative economy and how you can put them into practice in other areas of your life.

How to Create a Successful Sharing Platform

As you can see from the previous chapter, Zipcar is a great example of a successful sharing platform. But it's hardly the only one of its kind! Uber, Airbnb, PayPal, and eBay are all sharing platforms as well! Therefore, the key takeaway from this chapter is simple: sharing platforms are everywhere and you can create one that fits your needs and those of your customers. But if you want your platform to be successful, you have to employ a few key strategies. For starters, you have to protect the integrity of your platform. "Sharing is caring" is a fantastic founding philosophy, but sometimes there are right and wrong ways of sharing. And you have to protect yourself against the wrong ways.

For example, let's say that you're the founder of a content-sharing platform like Patreon. If you're not familiar with the site, then you should know that Patreon is an American membership platform that provides business tools for creators to run a subscription content service. It allows creators and artists to earn a monthly income by providing exclusive rewards and perks to their subscribers, or "patrons." At the core, this means that Patreon is all about sharing; artists create content that they then share with paying customers. So far, so good, right? Well, what if one of your paying members decided that they were going to do a little sharing of their own? What if they paid the fee to access an artist's content and then downloaded it to distribute to other people on their own? Maybe they're simply giving it to a friend who doesn't want to pay the fees themselves. Or maybe they've decided to set up their very own "sharing platform" in which they undercut Patreon by charging friends a lower fee to access the downloaded content.

Either way, this is a massive problem for you! And unfortunately, there will always be people who don't want to pay or do the right thing. That's why it's important to protect your platform from these people. The author has learned this through her own personal experience with Zipcar and that's why she advises budding entrepreneurs to be aware of people who will try to take advantage of your platform. If you keep an eye out for potential threats, you can implement safeguards that will protect you, your platform, and your paying users. And this awareness will also help you to create a system of rules that will contribute to the organization of a safe, secure, and successful sharing platform.

Funding a Successful Sharing Platform

From the previous two chapters, we've learned two things. Firstly, we've established that a collaborative economy can be pretty great, even though it has a few challenges as an economic model. We've also seen that sharing platforms can be created to minimize the negative impact of excess capacity and help people to pool their resources. And of course, we know that sharing is caring, provided that everybody is sharing in the right way. But unfortunately, launching a sharing platform and contributing to a collaborative economy doesn't mean that everybody will be willing to share with you in return. This is especially true when it comes to securing the funding you need to launch the next Zipcar. So, what can you do? Should you beg millions from investors? Take out a massive loan?

These are certainly the traditional avenues for funding a start-up, but the author observes that they aren't your only options. Instead, you can literally put your money where you mouth is and invest in a sharing platform that will help you meet your goals! That's right-- crowdsourcing apps like Kickstarter and GoFundMe are sharing platforms too! At first, asking strangers for money might sound like a scary idea, but the author's firsthand experience has shown her that private funding is actually much scarier. That's because seeking funding from private investors often requires entrepreneurs to "sell out" their business and its values in exchange for money. In some cases, it may even require you to give an investor an undue position of power that will allow them to call the shots about your startup, even when their interests differ from the mission and purpose of your business. This process not only robs you of your freedom, but it requires you to take on a hefty amount of debt that may not be worth it!

So, if you want to maintain control of your business and retain your right to execute important decisions, it's best to avoid private funding for at least the first few years. By contrast, if you acquire your startup capital through crowdfunding, you can make genuine connections with people who have your business' best interest at heart and who simply want to help. Crowdfunding won't require you to pay back substantial fees and the early years of your business won't be spent in a desperate attempt to pay off your investors. (As an added bonus, that means you'll start making a profit sooner!) And you'll be able to avoid the complicated dance of keeping your shareholders happy.

Public funding is another great resource that you should definitely consider! Although public funding may not be able to cover all of your expenses, it can help out with the basic utilities you'll need if your business is housed in a physical office space. If your sharing platform is being run from your home for the first two years, then you don't need to worry about this, but public funding can help minimize your expenses if you're renting an office. The author observes that basic utilities like WiFi and electricity can be obtained for free if your business qualifies for government funding, so don't forget to take advantage of all the resources that are available to you! And that includes asking strangers for money. Although crowdfunding can be a little scary, the author has seen that people are often receptive when you tell them your story. So, tell people that you want to make the world a better place. Tell them how your sharing platform will accomplish that. And then prepare to be amazed as people help you bring your vision to life! After all, sharing is caring and most people will be happy about the opportunity to contribute to an organization that will create a better future for themselves and their neighbors.

Final Summary

You probably first heard the phrase “sharing is caring” in kindergarten. From a very young age, we were taught that sharing is the right thing to do because everyone wins when our resources are divided equally between everyone. A collaborative economy is simply the grown-up version of those values being put into practice. And sharing platforms like the author’s own organization Zipcar help us pool our resources to create a better world.

Zipcar is a great example of using excess capacity to save money, share resources, and save the environment. But you can create your very own sharing platform by putting those same principles into practice! Although launching a startup might sound like a complicated process, the author’s experience indicates that you only need to follow a few simple best practices. Just remember to protect your platform by being aware of potential threats, regulate your platform by setting effective rules, and employ the resources of other sharing platforms to help raise your startup capital.