

NEW TECHNOLOGIES HAVE BEEN DISSOLVING LARGE CORPORATIONS FOR SOME TIME, THE HARD FACTS REMAIN; IF YOU ARE EMPLOYED BY SOMEONE ELSE, IF YOU WORK FOR A BIG COMPANY THEN SOMEONE OUT THERE IS PROBABLY TRYING TO FIND A WAY TO DO YOUR JOB THROUGH TECHNOLOGY, FASTER AND CHEAPER

Resourcefulness and the New Economy

by Ben Benson

IN THE NEW Economy only three employees will be required for a successful company, a computer, a man and a dog. The man will be there to feed the dog. And the dog will be there to stop the man from touching the computer.

Last week I went to the bank to pay some money into my account, only 36 months ago I could walk into a bank and there would be 8 or 10 people sitting behind glass sections ready to serve. Today there was one banking assistant behind glass and one overseeing nine paying in machines. Look down the checkout aisle of any supermarket and notice that self-serve checkouts are slowly replacing conveyor belt tellers. More and more filling stations are open 24 hours a day, not because they have more staff but because they have more unmanned computers. In the next 10 years being an employee in a large company will make you a minority.

New technologies have been dissolving large corporations for some time, the hard facts remain; if you are employed by someone else... if you work for a big company then someone out there is probably trying to find a way to do your job through technology, faster and cheaper. That's a new reality. It's also a reality that they will most likely succeed.

This is what economists call structural unemployment.

Structural unemployment occurs when a newer, better method comes along and people are made

redundant. The sub-prime fallout and Wall Street did not cause the global economic downturn, only exacerbated it. Remember structural unemployment results when companies manage to keep the output of their labour, either through new technology, a better business model and innovation. This is exactly what has happened.

This is not bad news... particularly if you understand how to start your own small business or acquire one and rapidly take it to a profitable level. For many, that's exactly the challenge... how do you start a new business or acquire a business, and how do you quickly make it viable concern? Too many people wait to get laid off, downsized or outsourced. Only by being ahead of the curve will make you immune from the tectonic changes in business' that are taking place right now. Because of this, I'm encouraging you to Own a Strategy today.

Consider these facts;

25 million new millionaires will be created in the next decade. Of course you can choose to ignore those facts, but doing so will neither help you or your situation. But there is a solution that will enable you to participate in this New Economy and Distribution of Wealth, but first let's consider the numbers;

In the next 10 years, more than 25 million new millionaires will be created. 25 million... That's big. To understand this, we need to go back to the 1930's in London England – the place of my birth.

Ronald Coase was a student at the London School of Economics, studying entrepreneurship. He was interested in finding out why and how companies became market leaders and how someone could come from nowhere and create a corporation that changed the world and created billions in profits? This thought process compelled him to travel to the USA to do some research. What he found literally revolutionized the business world and became a business model for going from start-up to significant profits in a few decades. He wrote about his findings in his 1991 Nobel prize winning white paper entitled 'The Nature of the Firm' What made this paper so unique?

In short, it explained how individuals who worked together reduced 'transaction costs' in operating a business so that people would give up working for themselves and become "wage earners" to large corporations.

This resulted in massive corporations being created where everything that was required to create a product would be under one roof, from raw materials to finished cars or fridges. In 1930's, almost all of the technologies that we enjoy today didn't exist. Titans of industry like Henry Ford knew that if he wanted to make cars and other products rapidly and inexpensively, he would have to do it in one place. As a result he built the 16 million-square-foot River Rouge plant, employing 100,000 workers and would feed in raw ore in at one end and produce a completed car at the other.

The only way to produce high returns was to own and operate huge firms and thousands of willing employees ready to work for a wage. This is why companies like General Motors and AT&T with over 1 million employees grew so large. They began in the days of high transaction costs, were forced to build huge companies, and over the years just kept on doing business as usual.

But things have been subtly changing over the past century, and radically in the last 10 years. Consider these facts; in 2009, AT&T had 295,000 employees (down from 1,099,000 in 1984) and a net worth of \$142 billion. Like Ronald Coase's model outlined in 'The Nature of the Firm' the core business of AT&T has not really changed for about 130 years. In 2009 Google, built on new

technologies and new business model, had 20,222 employees and a net worth of \$131 billion.

But consider the difference in revenues and net worth generated per employee:

- AT&T = \$142,000,000,000 annual revenues and \$481,355 total net worth per employee.
- Google = \$131,000,000,000 annual revenues and \$5.954,000 million total net worth per employee.

This means huge differences in revenues, transaction costs, and business models. Despite what the media is telling us, large companies are not laying off people just because of bad economic times... people are being laid off because of the shift in technology. This is not just a financial change but a structural change.

The government on both sides of the water have promised improvement with little signs of follow through – the changes we are now experiencing are evidently more structural than financial. The solution lies *not* in a 'redistribution of wealth' or the 'reallocation' of resources but in the deployment resourcefulness. Specifically, individual resourcefulness. This is the essence of the 1st Law of Wealth: Gain Control.

The message is clear, start behaving like you are in business for yourself.

FOR ADDITIONAL FREE info and resources on this topic and the 7Laws of Wealth, sign up at www.7Lawsofwealth.com. Ben Benson is an entrepreneur, investor and the author of the 7Laws of Wealth – An Individual Stimulus Plan for Surviving in the New Economy, and the New Rules of Wealth, published by Sabel & Stone. He speaks to companies, groups and organizations on the 7Laws of Wealth, Business and Leadership.