

Become Entrepreneurial

By [Harrison Barnes](#)

The greatest challenge you have in your career and in your life is to avoid becoming a mere commodity. When you are a commodity, you are no different from the next guy. People can copy you and schools can stamp out tons of people just like you. Employers can also create people like you through training programs and schooling. In the job market, employers are going to be in a constant battle to either (1) eliminate you, or (2) have you do more work for less money, or (3) get the work done more cheaply elsewhere.

This is what business is about and it is how the world works. You must work hard and set yourself apart in order to fall outside of this process. To do this, you need to become entrepreneurial. If you are entrepreneurial none of this will ever affect you. In fact, you will profit and continually do well. You need to be on the side of value creation, attacking the way things are done and finding new shortcuts and innovations. If you can do this in your work, you will do well anywhere you are employed.

I have been reading a lot of very revealing and interesting articles lately about various jobs in the service sector that are disappearing:

- Yesterday I read an article about a guy who, until recently, worked as a statistician making \$110,000 a year. His employer decided to hire someone in India to do his job. The employer's savings? Probably over \$100,000 a year.
- The previous day I read an article about a very prestigious law firm in London, which had hired attorneys in India to do most of the work on a major case. The savings? Probably millions of dollars.
- The day before that I read an article about a [recruiting firm](#) in the technology industry that got rid of all of its recruiters in the United States and replaced them with recruiters working out of India.
- A week or so before that I saw a rerun of a *60 Minutes* special about Americans who are going to places like Thailand to have surgery because the procedures are cheaper there. Plastic surgery, heart surgery--you name it, you can get it all done overseas, in some cases at one-tenth the price.

Indeed, there are very few products and services that cannot eventually be provided at a lower cost by competitors.

- Cars can be made in Japan, Brazil, and Mexico, for example, more cheaply than they can be made in the United States.
- Computer programming can be done more cheaply in places like India than in the United States.
- Telephone sales and customer service can be provided more cheaply in places like the Philippines and Jamaica than in the United States.
- Clothing, furniture, plastic toys, and so forth can be made more cheaply in China than in the United States.

Transportation costs are continually going down. The speed and ease of communication between various places is continually increasing. All of this serves to continually make various products and services mere commodities, making it increasingly difficult for certain companies and industries to remain competitive. As companies become less competitive, they have to lower prices to keep people buying things. This puts downward pressure on wages and serves to eliminate jobs.

All businesses, jobs, and so forth are under constant pressure from outside forces to improve how things are done and to lower costs. This is a trap of sorts, and people who get into this trap have a difficult time making and holding on to their businesses and jobs over time. You may be working for a company right now that is going through this pressure. You may be a person who is jumping around from job to job as one company after another lays you off in response to this pressure. This pressure from outside forces is real and it affects most jobs. The decision you need to make is whether you want to be someone affected by this pressure, which is making your job and work a commodity--or whether you want to be the person who steps up and creates value by changing the way things are done.

Indian programmers change the way things are done, creating value in the process.

Chinese furniture manufacturers change the way things are done, creating value in the process.

Japanese [car manufacturers](#) change the way things are done, creating value in the process.

Which side are you on? In most cases, you will not experience great success in your life, or career, unless you are on the side of changing the way things are done--for the better. The people who change the way things are done are the ones who create value because they create products and services that are higher quality, cheaper, and faster. Your entire mind-set should be directed toward creating products and services that are higher quality, cheaper, and faster.

One of the stories I read over and over again is about layoffs in the legal sector. It seems to be getting worse and worse, and the bad news just keeps coming. There are many classes of jobs that are experiencing these changes. Manufacturing is experiencing this; finance is experiencing this. When you start seeing incredible numbers of layoffs and so forth in any industry or employment sector, it is generally a clear sign that the work being done in that sector is losing value, and many of the employees in that sector are becoming commodities. Anytime there are scores of people willing to do something, who are qualified to do it, in your industry, your job is in danger of becoming a commodity. Make no mistake about it; regardless of what you do, there are always going to be scores of people doing everything they can to make your job a mere commodity, and to make you expendable. It is the nature of business.

With advances in global communications, there are few jobs out there that are not at risk of being done more cheaply elsewhere. Businesses exist primarily to make money, and businesspeople will always run their businesses in whatever manner makes them the most money. It could be outsourcing the production of rugs to China, moving a sock factory to the Philippines, or something similar. This pressure exists everywhere. If you are going to protect your career, you need to be

the person who is initiating, leading, and creating value.

This weekend I met with an entrepreneur who, in the 1970s, started a business helping hospitals organize their medical records. He was the first person to start this sort of business in the United States, and he experienced a phenomenal rise to rapid success. At the time, hospitals were spending incredible amounts of money and time trying to organize medical records and respond to requests for medical records from insurance companies, attorneys, and others. This entrepreneur figured out a way to respond to these requests using fewer people and in less time.

- Instead of having to rely on an entire department of people to respond to the requests for medical records, he would work with only two people, and he would be responsible for hiring and managing them.
- Instead of taking an average of ten days to respond to a request for medical records, he was able to have his own people respond to the requests within three days.
- Instead of spending hundreds of thousands of dollars a year responding to requests for medical records, the hospitals now only needed to spend tens of thousands of dollars a year.

The man had discovered a method of organizing medical records and responding to requests that was so fast and effective that hospitals, when presented with the prospect of using the service, felt as if they did not have any choice but to use it. The service was that good and effective because it saved them so much money--and it took off like crazy.

Leaner, faster, and cheaper.

Making things leaner, faster, and cheaper is basically the hallmark of what any business needs to do to emerge from obscurity and become an *overnight sensation*. When new businesses start that do this, they typically experience rapid and profound growth in any industry. When people apply this methodology to their jobs, they also tend to experience incredible results.

Within a few years, the man's company had signed up probably 70% of the hospitals in the twenty or so largest cities in the United States. Competitors also started emerging, and one large competitor started signing up hospitals with which the man had not yet reached agreements. The two were racing across the country in an attempt to sign up hospitals as quickly as possible. Within a few years, the man ended up selling the company, pocketing millions of dollars in the process.

Today there are thousands of these companies. Having so much competition has pushed down the price of the medical records retrieval service, so that it is now a mere commodity. Hospitals can play different medical companies off one another to lower the price and keep it as low as possible. People entering the business now face numerous barriers to entry and it is very difficult for them to get started.

Inside the medical records companies, given the fact that the service is now a commodity, there is also downward pressure on wages. Because the companies can only charge so much to hospitals, they can only make profits if they (1) cut corners on the service or (2) pay their employees less. In addition, because the records are now being scanned, a lot of the work is even being done in India, which is lowering the cost of doing the work even more, eliminating more jobs, and so forth. Companies that are doing this have spawned an entirely new industry that is eliminating thousands of jobs in the United States. New companies are starting up with most of their staff elsewhere, and they are becoming successful. Other companies are copying these companies. Over time, yet more innovation that we cannot even predict will likely come to this business.

This is what happens within a business that has become like a commodity. Once a business becomes like a commodity, it becomes more difficult for the people working inside the business and for newcomers as well. This process continues to occur until a new kind of business emerges that makes the process leaner, faster, and cheaper again. Then this business grows for some time and then eventually becomes a commodity as well.

After World War II, it became apparent that the United States was extremely isolated from the rest of the world. Factories in Europe and Japan, for example, had largely been destroyed in the war. American manufacturers churned out goods and faced very little competition. This lack of competition made it very easy for them to sell cars and have large profits. In addition, the quality of their work was not compared very much to others because there was little competition.

In the 1970s, foreign factories started exporting an increasing number of cars into the United States, which were of better quality, cheaper to make, had higher resale values, and more. Due to this competition, cars became more like commodities. American companies did not respond fast enough and, ultimately, the entire American auto industry began to experience serious problems, which have lasted for decades. Bankruptcies, mass layoffs, factory shutdowns, and more all continue to occur. When you see any industry or business going through this sort of turmoil, it is a sure sign that the goods or services they are providing have become mere commodities.

Jean-Baptiste Say, a 19th-century economist, defined an entrepreneur as *a person who takes what is out there from a lower level of productivity to a higher level of productivity*. What successful entrepreneurs do is bypass what everyone else is doing in the market and create products, services, and so forth that are unique and that people want to purchase.

- In the case of the medical records company, the man created a company that was unique, which motivated hospitals and others to purchase it.
- In the case of the automobile companies, foreign competitors created cars that had more value and were much better than the domestic competition.

This sort of process is occurring all the time, and it is highly relevant to both your career and your life. As [products and services](#) become commodities, the job security, income, and prospects of the people who are providing the work decrease. In order to escape this process and thrive in your career, you need to learn to think, act, and perform like an entrepreneur. Entrepreneurs have figured out how to avoid this system and be part of a system where none of this matters. They are the ones leading the charge to China, India, or wherever it is possible for their businesses to thrive. They are the ones marketing the more efficient and better-made cars in the United States.

In order to bypass all of this nonsense, you need to figure out how to go around what others are doing and create value, while others are just participating as commodities. You need the ability to look at existing situations and ways of doing things and to create efficiency and unique value. Even when others are spending their time copying someone else, you should be in a place where you can go around all of this and thrive. You need to be on the side of *innovation*, not on the side of being a commodity.

You can do this even inside of companies that are being killed by outside competition. You can show management, or lead management in ways to create new value. People have opportunities to create new value all the time. Many companies, however, are not interested in creating new value and are stuck doing things a certain way. If this is the case, my advice to you is to leave and find a company that is on the side of innovation and value creation. These are the companies and places that are fun to work in, and these are the places where you stand to have the best long-term career.

The place to be is on the side of the business that is "smashing" the way things are already being done--instead of trying to protect what is there. This is where the opportunities lie. These are entrepreneurial-minded businesses that have futures because they are not afraid to attack the way established companies are operating.

The key to having success in your career is to work for companies that are constantly innovating and that always concentrate on creating value with their product or service. If you learn to become entrepreneurial and run your career in terms of constantly creating new, faster, and more efficient value, you will always find yourself happily employed, enthusiastic about the future, and doing well in any economic climate.

THE LESSON

One of the greatest risks in your career and life is of becoming a commodity; at that point you are no different than anyone else in the market, and employers can mint more workers just like you. To set yourself apart from this process, you must become entrepreneurial and circumvent what others around you are doing. Examine situations around you, and figure out how to create unique efficiency and value. Work for companies that are constantly innovating, and approach your own career in terms of constantly improving efficiency.

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