

A Consultant's View

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Entrepreneurial Character can wreck the company

In the early 1900's, Henry Ford pushed his way against all nay-sayers to create Ford Motor Company. His single minded focus and perseverance are the marks of many a successful manager or entrepreneur. However, the same traits that made him push through to success are the very traits that caused many a problem and nearly destroyed the company. He hit his limits.

The myth of successful businessperson is one who pushes through against terrible odds. In Inc. Magazine, one such entrepreneur was told that his odds were a million to one and he rejoiced that the odds were that low. "When they say I'm crazy, I love it. What that means is that everybody sane has already given up. Only the crazy people are still on the battlefield making it happen."

Similarly, John Paul Jones gave that immortal reply of "I have yet to begun to fight." when any sane person who have accepted the surrender offer.

Humanity has a streak of individualism, people who do their own thing without conforming to the rest of society, but also a strong group instinct. Our whole society is about getting people to work and live together rather than as a collection of individuals.

Henry Ford could not build cars without the thousands of people who worked in his factory. What he provided was a way for people to work better together. The prior way of building cars was using small teams of

very competent engineers and mechanics to build the cars one at a time. Using that method, only a small number of people could work together at once. The structure of the assembly line allowed far more people to work together.

Our society allows people like Henry Ford to flourish because by doing so, the whole society benefits.

But the market changed on Henry Ford. No longer did he have the correct vision

of what people would buy. The skills of ignoring everyone else and charging ahead with his own vision meant that he started losing money.

As managers and entrepreneurs, we have a vision of where we want to be, what results we want, and how we want

to get there. Many of us push hard to make that vision into reality. However, most times, it does not happen. Either we get a different result or the path to get there is different from what we thought. We have to temper our visions with reality.

As a company grows, it is harder and harder for one person to correctly envision what the correct path is. That is why there are so many failures in company attempts to get the "perfect CEO".

In Henry Ford's case, his competitor at GM, Alfred Sloan, built an organization structure that would allow more people to help shape the vision. Because of that, they competed better for the customers and Ford started losing money. At the end, when someone else finally took over Ford Motor Company, there was no "middle management". Henry Ford had still been making every significant decision down to the lowest level.

Our Vision Is not Always Correct

No Sharing Economy

The recent strike by drivers for Uber Black shows that the hype about the "Sharing Economy" is just hype. There have been billions invested in companies that build on the idea that we have a "sharing economy" out there just waiting to be exploited. One can make the case that the "Sharing Economy" is the 2015 version of the "Dot Com Craze". Uber, Lyft and the others are really an attack on city created monopolies and have political and demographic implications..

The whole concept of a sharing economy is that people like to share their lives and possessions with others. We humans do like to share with others. It is a natural part of children, teens, and young adults to share living quarters, rides, and other items.

However, that does not make an economy.

The strikers destroy the myth of the sharing economy. Those strikers are not people who just happen to have something that they can share. They are all professional drivers who invested in vehicles specifically to be driving for Uber Black.

Uber is not a "sharing economy". They are a marketing device for a multitude of tiny businesses breaking into city monopolies. The same is true for most of the other "sharing economy" services.

This has profound implications for the profit potential of any such "sharing economy" company. They are built on the demographics of Millenials and those small businesses wanting to break into protected markets. There is many a start up in this space that is going to go under. Those billions that have been invested are at high risk.

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Risky World

The cheating site, Ashley Madison, was making its money by getting guys to pay to read a message. Turns out that many (if not most) of those messages were being generated by software instead of a real woman.

Prairie Trail Software, Inc



3821 Beaumont Lane
Plano, TX 75023

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