Inventing the Organisations of the New Economy
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Thanks to new communication technologies and to the Internet, the New Economy organisations shall be highly decentralised.

In the 20th century we have seen how the structure of small local businesses expanded to form large corporations with a centralised character. In this type of organisation the information is found at different points and is coordinated by the Central Office. However, the Internet and the new communication systems allow us to go one step further, since they allow all the members of the organisation to access all the information necessary when taking decisions.

This will force the organisations to adopt a new structure. Moreover, it will imply that many of them do not even have a structure, with all processes being outsourced, which will bring forth the appearance of a different system of work: the so-called eLance Economy, or the economy based on freelance workers. Indeed, due to the reduction of communication costs brought about by the Internet, it is today possible for each and every member of the organisation to have access to the same amount of information.

Each individual can thus count on sufficient information to take decisions. Given this situation, what sense does it make to have a centralised organisation when we can have decentralised information? The answer is that it makes little sense.

The Internet allows highly decentralised organisations to be created in which individuals can communicate directly amongst themselves and where the information flows throughout the organisation. An anecdote which illustrates the importance of decentralised information was during the Gulf War, when some top ranking officials received more information from watching CNN than from their own internal system. This anecdote can easily be applied to the business world. This decentralisation is going to allow many processes to be outsourced. An example of this new type organisation is the American hairdressing articles firm Topy Tail, a company with a turnover of 80 million dollars yet with only three employees.

The secret: the outsourcing of all the operations, controlled by a powerful Information System, means that all the operations with different suppliers can be interrelated. This new environment will allow the appearance of a new concept of organisation, in which individuals work independently and are grouped together in accordance with each project.

They will work in teams on specific projects and will then separate to form other teams for new projects. And so we have the concept of the eLance Economy, or the economy based on freelance workers. This temporary combination of independent professionals is already found in areas such as Construction and Film Production. However, they are
becoming more and more frequent in all other sectors. This means that goals which are unreachable for any organisation with a traditional structure can indeed be fulfilled. Linux is a good example.

Up until recently, Microsoft faced no competitive rivalry since the entry barriers established a level of knowledge only obtainable by a few experts, as well as many hours of programming, something which is difficult for a company with a concrete staff structure and hierarchy to achieve.

However, thousands of programmers located around the globe, working independently and in their free time, have been able to develop an operating system as powerful as Windows. There are currently three million Linux users, and, more importantly, nobody exercises personal control. The Internet is a similar case in point: had it been created and controlled by a specific company or group of companies, it would not have developed nor innovated in the way we know today.

Faced with this reality, we can affirm that the New Economy will be the markets and not the companies that coordinate businesses. For example, near to Prato (Italy) a flourishing textile industry has been developed with more than 15,000 companies, grouped mainly into cooperatives, with each one being specialised in a different stage of the textile industry value chain, from design through to production. Here it is the market (in this case, the brokers) that handles the different operations.

In the 21st century there are going to be three key parameters in organisations: Speed, Structure and Process. The speed is provided by the multidisciplinary teams which group together in order to reach a specific goal.

The structure, highly decentralised and without hierarchies (there will be no posts, only functions), allows individuals to develop all their potential (if you were to ask directors what percentage of potential is currently developed in their organisations, the average will be below 30%).

And finally, yet no less important, are the processes, since this type of structure requires rigorous process management in order for the projects to be successful.

With these new kinds of organisations brought about through Information Technology and the Internet, a term which has been forgotten for some time shall be used again: the New Economy Guilds.

In effect, people are not going to be employed in companies, but are going to employ themselves and join together in guilds. The loss of financial security offered by fixed employment shall be compensated by freedom, autonomy, and, above all full use of one's knowledge.