THE 21ST CENTURY CORPORATION
(a brief on a Business Week Editorial)

For nearly all of its life, the modern corporation has made money by making things. It has done by amassing fixed assets, organizing large workforces, and managing the organization in a clear hierarchy.

The 21st Century Corporation will do little of that. It will make money by producing knowledge created by talented people, working with partners all over the world.
The changes will be so fundamental that the corporation as we know will exist on the margins of the economy.

> The Internet doesn't change some things. It changes everything – the rules, the players, the organizations, the public policy. Only one corporate goal remains the same: **MAKING PROFITS**.

Here are the Key new working principles for the 21st Century Corporation:

"EVERYTHING GETS CHEAPER FOREVER."
The net destroys corporate pricing power. It allows to compare prices from 1000 sources. It "commoditizes" all that is new, reducing prices fast. It makes easier to copy and distribute digitized data.
The industrial capacity is at one of the highest stages of production over capacity.

"CUTTING COSTS IS THE ANSWER":
In an economic universe of downward pressures on margins, one path to profitability will be to reduce expenses. The surprising gains in productivity in the past three years are just the beginning of an era of high efficiency.

"INNOVATION BUILDS PROFITS":
There is one way for corporations to gain advantage over Principle No.1 and be able to rise prices. In a fast information economy, companies can make an edge through New Ideas and Products that increase in value as more people use them.
Information- based products (this refers to all kid of information, also clear clients needs) will reward early leaders with temporary "monopolies" and take most of the profits. The emphasis is on "temporary", so corporations MUST innovate rapidly and continuously.

"HUMAN CAPITAL IS THE ONLY ASSET":
Globalization and the Net will allow corporations to seek out the best educated and experienced around the world. In the 21st century corporations know that creativity is the only source of growth and wealth.
While some freelance workers will jump from job to job, companies want to have a core of careerists to provide continuity.
Enduring relations with employees become an enormous asset.
And just as companies want to hang onto a core of permanent employees, they will also retain some key business functions in-house as well.
Forget the vision of the entirely "virtual" corporation in which nearly everything is outsourced.