Drucker Challenge 2022 Towards a Passion Economy

Should Every Knowledge Worker Become a Creator?

- Thoughts on Success in the Passion Economy -

These are exciting times for creators.

Tech has enabled the non-tech world to blossom. Countless no-code solutions are right at our fingertips, enabling anyone to build things that would have been impossible as a single person just a few decades ago. The consequences that this has on the economy - but also for the individual, are enormous.

If you are good at something, passionate about it and find the matching audience, you can build a business around it. The formerly starving artist doesn't need a patron any more. The talented singer doesn't need to sign a contract with a major record label any more. They can reach their audiences on their own - at scale.

Before, you needed to be good at "selling yourself" to the middleman. Who then re-packaged your knowledge or special skills into an end product or service and sold it - be it as your employer or your manager.

You could be the author or you could be the publisher.

You could be the product designer *or* you could be the sales person.

Today, you can sell or market *directly* to any group of people - if you are able to build your own community, an audience that you can reach and market to. And

the best thing? Everything that is "more you", more special, and more unique is a selling point instead of a weakness. This almost sounds too good to be true.

The Creator Economy - also known as the Passion Economy - is being hyped with good reason because its promises seem to be a solution for many problems of the modern workforce. Boredom. Dissatisfaction. Buried, unused talent. It gives a new answer, a new window of opportunity to the subliminal thought of "*maybe there is more for me out there...?*"

The question is though: Can a Passion Business really work for any individual and pay their bills? Can everyone become a creator? Is there enough of a market for it to be a decent career option? Is it a scalable model or will this be an unevenly distributed field, where only the top 1% of creators can yield substantial income and make a career of it?

After all, when passion is involved, is there anything that can go wrong?

Creativity vs. Commercial Endeavors

When I heard about the Creator Economy for the first time, it was like a revelation for me.

Years ago, when studying economy and business administration, one of the questions that always bothered me most was as to which degree business should be more "creativity-focused".

It seemed that there was a huge trench between the administrative and the creative side of business. You could either be on the marketing *or* on the financial side. You could either do something "out of passion" *or* make a fortune. You could either do something "for the masses" *or* go niche, you could have an artistic business *or* do "real money stuff".

I feel that these strict borders (at least if they ever existed outside of my own tiny university bubble) do get blurry or even disappear completely in the Passion Economy. Which is a historical chance for any human being with an internet connection who is both creative and entrepreneurial.

Yes, even in the past, you could always earn money by being creative, being passionate, and selling both your time, skills, ideas and more to others.

But there were *gatekeepers* involved, heavily restricting the access to audiences.

This is not the case any more.

Peter Drucker who famously coined the term "knowledge worker"¹, already foresaw the knowledge age as a new era that required different skills - and a different work set-up - than before.

Yet, **the Passion Economy takes the concept one step further**. As a "traditional knowledge worker", the best case was to find an organization who would value your knowledge, creativity and skills - and gave you lots of autonomy and freedom to put them to work.

Today, *you don't even need that employer*. You can become it yourself and build a business around it. You are no longer a knowledge "worker", but **let your knowledge work for you instead. At scale.**

The Creator - a Special Kind of Knowledge Worker?

Does that mean everyone can become a creator? Or that everyone should try to become one? Let us have a look at the implications this new way of living (and earning) has on the individual.

The essay "1,000 true fans"² by Kevin Kelly has often been quoted to be one of the first ones to grasp the importance of a new type of entrepreneur. In the

¹ Peter Drucker, "Knowledge-Worker Productivity: The Biggest Challenge", California Management Review 41, no. 2 (1999): 79

² Kevin Kelly, "1,000 True Fans", KK.Org, accessed on May 30th, 2022, <u>https://kk.org/thetechnium/1000-true-fans/</u>

essay, it is argued that you don't need a big audience to make a living, only 1,000 true fans who pay 100 dollars each per year, in order to make 100,000 dollars in revenue. A recent follow-up essay by Li Jin even argues that today, one actually only needs 100 true fans³.

This way of monetizing one's skills, ideas - and passions - is new. It is a fundamental shift. It is groundbreaking. And: It is deeply entrepreneurial, since the creator cannot solely focus on *creating* to be successful. For a Passion Business to work, you must combine your passion with *business*.

Specialized, specific knowledge needs to be paired with general knowledge that overarches the chosen niche. You both need to create *and* sell, and the challenge is to not only sell your "knowledge" to *one* employer, but to package your passion in a scalable way and sell it to a group of people who are looking for something in your work which you first have to identify. This is by no means easy.

This "career" is perfect for generalists, for so called *T-shaped individuals*⁴ who apply very specific knowledge while keeping their eyes on the "big picture".

Those who prefer to work in silos, focus on *one* area and *one* task only will have difficulties building up momentum as creators. Anyone who favors the *creation* part over the *economic* part will be disappointed as to why they remain a great creator with little business around it.

The implications for success in the Creator Economy seem contradictory: The Creator Economy favors **hyper niching** because of the global scale - and at the same time demands an **extremely generalized skill set** of the creator.

The *Economy* part in the equation of the "Creator Economy" cannot be underestimated.

And this is the flip side.

³ Li Jin, "1,000 True Fans? Try 100", Future, February 6th, 2020, <u>https://future.a16z.com/1000-true-fans-try-100/</u>

⁴ Jason Yip, "Why T-shaped people", Medium, March 24th, 2018, https://ichvip.medium.com/why-t-shaped-people-e8706198e437

In the "traditional knowledge worker world", you could be an author *or* be the publisher and thrive in this role.

For a thriving Passion Business though, you need to be the author *and* you need to be the publisher. You need to be the product designer *and* you need to be the sales person. (At least until you can grow a team to help you build a business around yourself and your passion.)

You need to be a business owner who creates, not solely a creator that regards business as an afterthought. Otherwise you might rather become a part of the gig economy, with less stability and less economic power than most employed knowledge workers.

Therein lies one of the biggest challenges of the modern creator.

The "Self at Scale" is Difficult to Manage

In the Creator Business equation, the **productivity of the individual is the key driver of everything,** because a creator "is an individual who scales without permission"⁵. In order to scale, one must learn to manage oneself in order to fully make use of the leverage that is available today.

Peter Drucker's suggestions and remarks in "Managing Yourself" are surprisingly up-to-date in that perspective. One could even argue that "managing yourself" is *the* core ingredient for a successful Creator Business, once the basics have been put in place.

"It's up to you to carve out your place, to know when to change course, and to keep yourself engaged and productive", Drucker wrote⁶ - already in 1999!

⁵ Hugo Amsellem, "The Definition of a Creator", Arm The Creators, November 12th, 2020, https://www.armthecreators.com/the-definition-of-a-creator/

⁶ Peter Drucker, "Managing Oneself", Harvard Business Review, Edition of January 2005, https://hbr.org/2005/01/managing-oneself

I found it astounding that many of his writings could as well have been taken out of a manual for modern creator businesses in 2022.

Since a Creator Business is a hyperproductive state of knowledge work, this productivity has different metrics than earlier:

• Productivity doesn't mean the quality of the output itself, but the quality of the output multiplied with the number of people you can reach or the ways of reaching these people

• Your unique skill set and personality have even greater impact, since unlike a knowledge worker in an organization that can partly be replaced, there is no close substitute for you in a creator business

So what is necessary in order to make a large number of people succeed as creators? I would argue that the world of education is still far behind in teaching and encouraging the skills that are needed in the Passion Economy.

"(M)anaging oneself demands that each knowledge worker think and behave like a chief executive officer"⁷ is what Peter Drucker said.

This is already difficult for many people. Yet, success in a creator business, in my opinion, is upleveling one step further and thus requires even higher awareness for this behavior: In a Creator Business, you don't only need to behave like the CEO, you **are** the CEO. When your passion is the business, it is grossly negligent not to constantly invest in both the passion and the business side of it.

This will lead to unevenly distributed results and outcomes for creator businesses, since every small gain in productivity, every tiny idea, every new connection can result in exponentially bigger results than it would have been possible just a few years ago. The leverage provided by technology is so great that minimal optimizations can result in enormous results.

⁷ Drucker, "Managing Oneself": 27.

Because a tiny change at the core and some seemingly small productivity wins can be leveraged in such a massive way, there will be the natural tendencies of few "big names" in the space.

"Not everything in life is a Winner-Take-All competition, but nearly every area of life is at least partially affected by limited resources. Any decision that involves using a limited resource like time or money will naturally result in a winner-take-all situation", James Clear writes⁸.

Li Jin also explores further on why the creator economy won't automatically have a middle class, claiming: "The sustainability of nations and the defensibility of platforms is better when wealth isn't concentrated in the top 1%."⁹ Without active work, this might be a development that will occur.

The Evolution of the Knowledge Worker

In my view, the Creator Economy and its technical possibilities are a historical shift for the age that we live in. It is a concept where **the knowledge worker no longer is a worker. She or he becomes - or rather builds - the company itself.**

Questions like "Where do I belong?" and "What should I contribute?" from Drucker's "Managing Oneself"¹⁰ will be core questions to ask yourself.

Your success will depend on the ability as a creator to design a business that exceeds pure gig or advertisement work - to build a true "machine" which, in the best case, even can run without the creators themselves at some point. Nathan Barry therefore argues that to be among top successful creator companies, your business must be taken beyond a personal brand¹¹.

 ⁸ James Clear, "The 1-Percent Rule", accessed on May 30th, 2022, <u>https://jamesclear.com/the-1-percent-rule</u>
⁹ Li Jin, "The Creator Economy Needs a Middle Class", Harvard Business Review, December 17, 2020, https://hbr.org/2020/12/the-creator-economy-needs-a-middle-class

¹⁰ Drucker, "Managing Oneself"

¹¹ Nathan Barry, "The Billion Dollar Creator", Nathan Barry, September 8th, 2020, https://nathanbarry.com/billion/

After you have managed to build something around your passion, you must be able to take yourself out of the equation to truly scale.

If you manage to work your way towards this status, you can achieve what many people today dream of: Living off your passions while keeping full autonomy. Instead of being an asset for a company, you work on growing assets yourself.

The Passion Economy is a new chance for a new type of entrepreneur - where I also see its big potential to **encourage people who traditionally wouldn't have started companies**. Earlier, capital or labor of others was needed to scale the output¹² of anything. Technology has enabled creators to be able to do that with minimal staff or capital requirements, which is why entrepreneurship gets more accessible and might have a broader appeal than typical "tech startup founder careers" that seem risky and unattainable for many.

5 Theses for Success in the Creator Economy

Managing oneself, as Drucker already mentioned in his well-known essay, will be even more important in a Passion Economy than it already is for any knowledge worker.

Yet, there are some other important factors that I suggest will impact your results as a creator:

#1 The (technical) ability to own your audience

In order for you to have more than a one-time commitment of your community, you need to have direct access to your target group, without a middleman. This is why successful creators need to break free from platforms that don't grant them uninterrupted access to every single community member.

¹² Naval Ravikant, "Labor and Capital Are Old Leverage", Nav.al, April 15th, 2019, https://nav.al/labor-capital

If they are reliant on single platforms or algorithms, the foundation of their business will be shaky. Many modern tech tool companies have recognized this and provide private platforms with communities that can "really" be owned.

#2 The lifestyle or entertainment factor

Successful creators are working with knowledge, but seldom will be able to capture an audience long-term with "pure know-how". The entertainment or lifestyle factor plays a big role (which is why creators often will be confused with influencers and the terms are often used interchangeably).

#3 The special-ness

The global span of a creator business makes it possible to connect with literally any human being in the world. Where gatekeepers earlier would dismiss businesses, ideas or target groups as "too niche", this now is exactly what is working best. In creator businesses, individuality is seen "as a feature, not a bug"¹³.

#4 The identity to be an entrepreneur, not just an artist

Any successful creator in the passion economy will need to have a strong commercial focus - or partner up with someone who can fill this gap if they are lacking it. Any imbalance of creation vs. business-savviness will need to be bridged in order for the creator business to work long-term.

#5 The ability to build something long-lasting

Once you have found the perfect match between your audience, your passion and the format you deliver as a company, you need a long-term strategy that will free you from one-time gigs and instead enables you to build up a business "motor" that can continue and fortify its momentum.

¹³ Li Jin, "The Passion Economy and The Future of Work", Future, October 8th, 2019, <u>https://future.a16z.com/passion-economy/</u>

Conclusion

These are exciting times for creators.

If a creator is able to capture an audience, monetize and own it - chances are that he or she will build a very substantial business without any of the traditional ingredients such as capital or a big team. This comes with a duty: They *"have* to manage themselves. They have to have *autonomy*."¹⁴

Autonomy - *which is not really wanted in many traditional job positions up until this day* - is a non-negotiable piece in building up your business as a creator. For those who are willing and able to do this, the rise of the Passion Economy might be the chance they have been waiting for.

Last but not least, even if one does *not* aspire to build a creator business oneself, there will be great opportunities in joining *other* creator businesses as an employee or collaborator in the future.

With the Passion Economy, we are getting closer to a working environment where we can make the most of each person's unique skills. It is not perfect, it is not for everyone, there will be developments that we don't like.

But it will be - and already *is* - a wonderland of opportunities for any entrepreneur or for those who dream of becoming one.

I am convinced that the golden era of the Creator Economy has only just begun.

¹⁴ Peter Drucker, "Knowledge-Worker Productivity: The Biggest Challenge", California Management Review 41, no. 2 (1999): 79