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The great entrepreneurs of the last century — folks like Henry Ford, John D. Rockefeller, and Thomas Edison — spawned huge companies that were designed around a model of scalable efficiency. In that model the job of workers was to fit into their roles and perform tightly specified and standardized tasks in a highly reliable and predictable way. The *employee society* was born. Enormous wealth was created for the entrepreneurs who pioneered this way of organizing business, and enormous value was delivered to the marketplace. And most of us became employees.

But the very model of organizing a business is becoming increasingly challenged by what I call the **Big Shift** — long-term forces, such as the rise of digital technology infrastructures, that are reshaping the global business landscape. For evidence of the magnitude of the challenge, we only need to look at the **long-term collapse of return on assets** for all the U.S.'s public companies: From 1965 to today, return on assets has declined by 75%.

What is to be done? If we are to thrive and harness the enormous potential of the Big Shift, we will all need to mobilize to create the entrepreneurial society, as Peter Drucker anticipated many decades ago. In the process, we must all become entrepreneurs.

But first, let's step back and reassess what we mean by entrepreneur. In the public mind, entrepreneurs have been reduced to young people who want to create world-changing businesses that can quickly reach \$1 billion or more in market value — the fabled unicorns.

But is that all there is? Maybe we need to expand what “entrepreneur” means. A more useful definition might be someone who sees an opportunity to create value and is willing to take a risk to capitalize on that opportunity; some elements of this are opportunity spotting, risk taking, and value creation.

In a world that is increasingly shaped by exponential changes in technology, new opportunities are arising at an ever more rapid rate. But risk also increases because of accelerating change and increasing uncertainty. What we need are entrepreneurs who are willing and able to cope with those risks and to see and harness the opportunities on the other side.

While some of these opportunities may evolve into unicorns, we shouldn't unduly focus on them. Today many product businesses are **fragmenting** as the means of production become more broadly affordable and accessible and as platform businesses emerge to help connect these product businesses with customers around the world. We are already seeing this in digital realms such as music, video, and application software. New technologies such as 3D printing and biosynthesis are likely to expand this trend into physical product businesses.

For entrepreneurs, this is an opportunity to make a comfortable living for themselves, and perhaps a small team of people, by designing and commercializing products that are targeted to the specific needs of small groups of customers. Fragmentation suggests that unicorns will become rarer and rarer in many product businesses, and may even become an extinct species. But the entrepreneurs attracted into these niche businesses will nonetheless be creating value for customers and for themselves. Why shouldn't we embrace and encourage them?

And let's not just talk about entrepreneurs in developed economies. A key to accelerating the growth of developing economies will be the ability to encourage more and more entrepreneurs throughout these countries, both in growing cities and in rural areas. While they may not be unicorn entrepreneurs, they can create value in their neighborhoods and perhaps beyond.

Of course, not everyone will be working independently or in small companies. We'll still have very large companies where network effects and economies of scale or scope continue to support the concentration of economic activity. Won't the employee society persist in those places?

Well, not exactly. Here's the thing. In a world of accelerating change and growing uncertainty, even the largest companies may need to reframe work. The "employee" mindset — that is, the notion of just showing up to do a predefined set of tasks until leadership tells you otherwise — just isn't cutting it anymore. What we need are entrepreneurs in every part of the organization, people who are relentlessly focused on identifying new opportunities to create even more value and are willing to assume the risks required to address those opportunities. In short, we will need to move from [scalable efficiency to scalable learning](#), where everyone is driven by the need to learn faster and accelerate performance improvement.

As Peter Drucker has noted, entrepreneurial management practices are fundamentally different from employee management practices, requiring large-scale transformation of our existing enterprises. The challenge is that top-down, big-bang approaches to organizational transformation rarely succeed. Instead, the most powerful way to achieve transformation is by scaling at the edge — a part of the company that today is relatively modest in terms of revenue and profit but which, because of the exponential forces at work in our economy and society, has the potential to grow into the new core of the company. Who can do all this? Why, entrepreneurs, of course.

And, by the way, the need for entrepreneurs is not limited to commercial enterprises. All of our institutions will likely need to cultivate and encourage entrepreneurs throughout their ranks — NGOs, schools and government agencies. Which of those institutions doesn't feel increasing pressure to find new opportunities to create and deliver value to its stakeholders?

There's a compounding dynamic that's being set in motion as we begin this transition to an entrepreneurial society. The more successful we are in generating entrepreneurs in our society, the more dynamic our world will likely become, and the faster it will change, creating a need for even more entrepreneurs. Those who remain wedded to the outmoded practices of the employee society will suffer.

The accelerating pace of change and growing uncertainty has spawned a backlash by established interests, who, in a quest for stability, seek to confine and constrain entrepreneurs into small corners, where they pose little threat to large, established institutions. But this is ultimately a futile effort. Make no mistake about it: We're on the cusp of a Big Shift from an employee society to an entrepreneurial one, as Peter Drucker so perceptively predicted. The forces driving it are too big, too inexorable to turn back.

That might be frightening to employees, but it's exciting to entrepreneurs.

John Hagel III is Founder and Chairman of the Deloitte [Center for the Edge](#), a research center based in Silicon Valley. A long-time resident of Silicon Valley, he is also a compulsive writer, having written 7 books. His latest, with John Seely Brown and Lang Davison, is [The Power of Pull: How Small Moves, Smartly Made, Can Set Big Things in Motion](#).
