

Gian Paolo Prandstraller

The quaternary entrepreneur

The avant garde of non-material capitalism



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Presentation

While the most advanced economies were racing toward the twenty-first century, having long since passed from an “industrial” to a “post-industrial” system, some people realized that a new economic phase was on the horizon.

As far back as 1973, sociologist Daniel Bell dubbed the current era “post-industrial” (*The Coming of the Post-industrial Society*). What might emerge beyond this era?

In the 1970s and 1980s, sociologists dedicated special attention to the service sector. Those who are curious today about the future of this sector thus again turn their attention back to that period of social thought.

Services: the main key of entry to a new world. We need to understand how that vast system of activities, which strives to satisfy the ever more sophisticated, personalized needs of modern individuals, is now evolving. Unlike manufactured products, services are increasingly becoming the object of our wishes: even of our dreams.

The evolution of services must be the focal point in a competitive society; we must study it, for we shall be obliged to deal with it, whatever our economic and cultural future may be.

The “quaternary” is a phase rooted in a highly developed concept of services. From the tertiary (the services age) to the quaternary: highroad proceeds according to its own logic and, perhaps, its own destiny.

In this study I have attempted to stimulate thought on the topic: a fascinating one, with extraordinary potential. I hope my readers will agree.

In hopes if being its worthy interpreter, I am fascinated by the basic ideas upholding the conceptual structure.

Two, I think, are pre-eminent:

a) The capacity for “mobilization” which certain creative, success-driven personalities possess: that is, their talent for seizing the attention of great masses of users and admirers.

b) The passage toward creative capitalism, whose experiences are forcing themselves onto the scene of our future. The new generations must reckon with this type of capitalism, as must China, India, Brazil, and any new economic power now emerging on the world scene. The new capitalism will recognize the crucial role of creative intellectual work, making it a source of competition, wealth and power: an innovative kind of capitalism with respect to twentieth-century stereotypes.

In the climate created by the mobilization processes, one figure stands out with special power in today's society, symbolizing an entire category of creative professionals: this is the "rocker", a personage who attracts enormous, enthusiastic crowds, exhilarated by original songs and the messages they seem to communicate. For many people, the original song represents a sort of crossroads in life, an existential testing point; while the rocker acts as a sort of "trainer" to those who follow him or her. The original song is becoming the "poetry" of our time, a sign that humanity, even though it may be brutalized by the business world, retains some element of the spiritual.

This is one of the mysteries dotting the landscape of human culture: at certain moments, something unexpected happens (or someone unexpected appears). At this juncture we find the emblematic innovator: the troubadour of medieval France, the Italian poet of the *dolce stil novo*, the humanist who enchants his contemporaries with ancient documents, romantics like Lord Byron or Percy Bysshe Shelley, the *maudit* poet, the adventurous, sensuous D'Annunzio; the heralds of counterculture such as Kerouac and Ginsberg. Today, the "rocker" dominates the scene. He descends from well-known ancestors, even while distancing himself from them in so many ways. He appears as a prophet of unity between capitalism and the non-material world.

Unlike other cultural innovators, the rocker is an important entrepreneur of himself or herself; a subject creating productive structures based on that evanescent thing which is creativity, an element different from anything that came to make up a business in the past.

Often, the rocker interprets the human condition in light of the harsh lesson inflicted on humanity by the twentieth century; we need someone now who can inspire our contemporaries with trust in themselves and in the world.

The *gift of meaning* most appropriately explains the rocker's extraordinary success in the early years of a century which seemed sunk in the brutally material, even while remaining sensitive to the spiritual yearnings of some of its children. Its yearnings could even become a source of vast personal fortune. The *gift of meaning* thus becomes a bountiful generator of fame and wealth.

As I write this preface to a fully completed study, I run across an episode that confirms my view of the rocker's power: the super-concert in Rome by Vasco Rossi (May 2008), which attracted some 70,000 fans.

Many commentators wonder how such a vast mobilization can ever go into effect: after all, people here are only listening to songs! And as the event is repeated, as it enters into the realm of social custom, we are flooded with opinions. Some are benevolent, some caustic, but none can deny the startling fact: an enormous mass of people goes to hear Vasco Rossi, an incredible mass of people applauds a rocker. Vasco Rossi speaks of himself and to himself; he speaks of philosophy, quotes Spinoza, acknowledges his failures: in fact, "you cannot fly over mountains, you cannot go wherever you want"; but he also announces, implicitly, another fact: a turning point in capitalism, an important conversion, a steadily-growing economy of the non-material.

We are witnessing the birth of a capitalism of sophisticated services: personalized ones, philosophical; a capitalism capable of offering masses of admirers a merchandise (if I may call it that) which any old-style entrepreneur would have considered impossible: the existentialist art of a man we call "rocker". He is *the symbol and emblem of many other figures, such as singer-songwriters, stylists, artists, showmen, presenters, architects and urban planners, orchestra conductors, soloists, great professionals, actors, writers, sculptors, composers, creative individuals of all types* who instead of material objects, offer the meaning of their own life. In their

offering, they express the philosophic vision that has guided their life, and pain that has marked it.

In this, I believe, we can perceive the essence of the “quaternary”.

G.P.P.

1. What is the quaternary economy, and where is it leading us?

a) In the 1990s, services tended to prevail heavily over manufactured products. We also saw a growth in mixtures of products and services, however, so that it became impossible to sell a material product without supporting it with non-material activities that could advertise it and make it user-friendly.

b) The new services are becoming more and more complex, generating a number of highly sophisticated, highly personalized offers based on philosophical premises. Such services are often performed by individuals and groups defined as “creative”. The new services together represent the majority of overall service production: they are the most demanding skill-wise, the most requested and the most highly remunerated.

c) The new service phenomenology is vast and complex. It pertains both to the humanities, on one hand, and to scientific principle and technological innovation, on the other. More and more customarily, services play a major role in favor of single individuals or groups; they accompany work activities, entertainment, holidays, education, health care, information, communication, body care, environmental protection, urban renewal, cultural choices, artistic sensitivity, travel, sports, theater; they touch on virtually every aspect of daily life.

d) The quaternary economy emerges as a form offering services which are capable of constantly enriching the social life, much more

than services did at the dawning of post-industrial society. We see an abrupt passage here from the concept of “offering” services to clients, to that of people’s “demand” for help in reaching physical well-being and existential goals.

e) Those who carry out the most important service activities, then, are the “creative” personnel who are highly—often very highly—remunerated for their capacity to stimulate a great number of human motivations and choices. Their most important niches include:

1. the world of rock artists, singer-songwriters, mass communicators, actors, famous artists and professionals. Such groups often invest their considerable earnings in production sectors outside their original field;

2. the world of designers and stylists: the creators of fashion in clothing, accessories, cosmetics, perfumes, etc.; as well as great designers in other fields. Such individuals often invest in hotels, restaurants, night clubs, holiday resorts, amusement centers, wineries, etc.

3. finally, the world of social leaders who are capable of deploying quick responses to human needs by working with dynamic, active organizations. In society, needs which demand rapid, adequate solutions are emerging in a vast range of areas and situations.

Vast shopping complexes are replacing the fragmented forms of distribution carried out by small shops. Such large-scale structures including shopping malls, supermarkets, and factory outlets, arise in imitation of the “town”: shoppers can find any type of merchandise they need there, without having to search elsewhere. Such structures produce a “territorial” type of mobility. Structures facilitating this form of distribution are popping up ever more frequently in the suburbs of big cities; they are managed by business conglomerates

which create huge chains of stores, occupying the territory in a way that irrevocably affects small shopkeepers.

f) In the economy as it is now developing, the entrepreneur can no longer be content with mere entrepreneurial courage and generic business skills; he or she will also need a “capacity as mover” in order to orient great masses of consumers towards products. The capacity to mobilize is a gift—a rare and inimitable one—which turns the single entrepreneur into a special kind of people-gatherer. Without this gift, in the quaternary era it is very difficult for any entrepreneur to succeed. This special capacity creates a gap between the industrialist who possesses it, and the rest of the population; it creates a growing social and economic distance. In fact, in the quaternary economy a virtually unreachable elite arises, formed to a large degree by the “creative professionals”; this elite dominates over all the other economic groups, even over the “knowledge workers” who emerged as a class in the 1990s, and who have become fundamental in their role as arbiters of the knowledge economy.

g) In the quaternary phase, the intellectual professions remain, however, indispensable for the creative entrepreneur. A great variety of skills is, in fact, deployed in creating manufactured products and services. And we can note a further phenomenon: the emergence of many “great” professionals who detach themselves from their original professional group, and proceed independently, demanding complete autonomy in relation to the client, whether public or private. Some professionals follow this trend more than others: architects, urban planners, engineers, oncologists, plastic surgeons, dentists, lawyers, commercial consultants, etc.; such figures often acquire an eminent social position, and succeed in moving masses of people who need their services. The profession of “architect” is assuming increasing importance; it has become the emblem of a creative behavior which seems to detach the professional from common mortals. No important economic context can develop without valid architects and urban planners.

h) The quaternary economy forms and consolidates a society which does not in any way consider “equality” as a value. Previously, post-industrial society, too, with its concept that “scientific knowledge” is an essential means of production, had scuttled the ideological notion of “equality”. With the advent of the quaternary economy, the concept of creativity reveals the absolute opposition between common sense and any concept of equality. Indeed, the creative professionals can now accumulate a fortune by using their human, artistic and professional talents, along with skills that had no economic value in the past. In the 1990s the Western cultures have adopted an increasingly liberalistic outlook, which considers the concept of “equality” to be unacceptable, even absurd. Having emerged from the Soviet dictatorship and entered the world of free markets, Russia is becoming more deeply marked by social inequality.

From the 1990s on, we see the emergence of *extremely wealthy individuals* who merely by existing, present a radical alternative to the principle of equality. On the contrary, part of the population finds itself in conditions of near poverty.

i) The quaternary period sees a rise in the *dependency on capitalism by science and technological progress*. During this period, the type of capitalism known as “cognitive” given its dependence on science, *clearly continues to expand at a faster pace than in the preceding phase*, even though it is accompanied by a greedy sort of “speculative” capitalism. We note a continual rise in levels of knowledge, which finds use in the productive processes. In any case, even disciplines such as history, art history, philosophy, cinema, photography, architecture, etc., find use in the productive process: in planning, advertising, marketing, etc. This factor *increases the number of capitalism’s intellectual collaborators*, since capitalism cannot function without a considerable pool of professionals, technicians, experts and creative personnel, who continually work to satisfy its demands.

l) From the early years of the twenty-first century, western capitalism has undergone the influence of the emerging economic powers, in particular China and India. This entails a rise in industrial competition, and a strong need for integration in the relationships

among capitalists, professionals, technicians, etc. The United States sees its world economic primacy threatened; it is facing a challenge from powers that are proving capable of rapid progress in the most difficult technological areas. *Enormous masses of people* (around two billion) *are passing from a subsistence economy to a competitive economy, and it is reasonable to believe that this mass will soon enter the “quaternary” phase. That is why the new type of economy is extremely important for the planet’s future,* as an economic model to follow, if we aspire to a more prosperous social life, founded on non-material factors.

m) On the political level, in the United States we find a conservative orientation represented by the two Bush presidencies (George Bush, president from 1989-1993, and George Walker Bush, president from 2001-2008), separated by the hiatus of Bill Clinton’s presidency. At the same time, an important new phenomenon breaks onto the political stage, personalized in England by an emblematic figure, Tony Blair: that is, the *non-ideological populist leader*. He abandons ideologies in favor of policies of convergence which aim at the center. His simultaneous goals are: a) to raise production and GNP by means of scientific research, improvement in schools and a rise in industrial creativity; b) widespread, efficient redistribution of wealth in favor of the poorer classes who currently need assistance. This type of leader is attractive to many Europeans; as early as the first decade of the twenty-first century, such leaders have succeeded in gaining power in a number of political areas. The quaternary economy is considerably influenced by the concrete actions of such leaders, so I shall focus on them in this study.

2. From the tertiary to the quaternary, an inevitable progression. History, philosophy, visual arts, architecture, music, cinema, technology and science enter into the productive process

The concept of “service” is rooted in a painful past: it comes from *servus* and *servitus*, meaning “slave”, “slavery”; in antiquity, this implied that one individual was considered the property of another; he had to serve his owner in daily life, and do the heavy work. *Servitus* indicated a state of slavery; often, the slave had been a

prisoner captured on the battlefield, or descended from a slave. From the notion of “servitude”, jurists derived the concept of “undefeasible right”, which consisted of a limitation on the enjoyment of a good in favor of another good belonging to a different owner: for example, undefeasible right to passage, to use of the aqueduct, electric power, etc.

The concept of slavery remained in effect from antiquity to relatively recent times: slavery was abolished in the U.S.A. by Abraham Lincoln, and Russian serfdom of the glebe was abolished by Czar Alexander II in the 1860s.

Interestingly, the concept of slavery, which implied the annulment of a person’s freedom in favor of another person, acquired a “positive” aspect in the twentieth century: it came to indicate an alternative activity with respect to that of creating objects, or manufacturing. In other words, we find a passage from the ancient meaning to that of *work offered in favor of another person*. It is interesting to discover the time frame in which that passage occurred: the leap was made in the 1930s and 1940s, that is, during the decades touched by the tragedy of world war two.

In 1935 A.G.B. Fischer published *The Clash of Progress and Security*, in which he foresaw an evolution from the economic primacy of the agricultural-pastoral sector (the primary) to the manufacturing sector (the secondary), and then to a third sector, which he himself defines as “tertiary”. This traditional three-part classification reappears in Fischer’s article in the journal *Economic Record* of June 1939, “Production, Primary, Secondary and Tertiary”. Then, in 1940, during world war two, Cohn Clark wrote *The Conditions of Economic Progress*. After establishing a clear distinction between goods and services, Clark analyzes several sectors of economic activity which pertain to important areas of the tertiary (commerce, transportation, communication, finance), and focuses on the so-called “services industries”, which he sees as a residual category of a general industrial phase encompassing both the primary and the secondary economy. The author also highlights the progressive passage of workers themselves through the three stages, the primary, the secondary and the tertiary.

After world war two, a considerable number of authors focused on services. We should remember here G.I. Stigler's *Trend in Employment in the Services Industries*, published in 1956, and V.R. Fuchs' work, *The Services Economy*, 1968. Both studies, especially the latter, highlight the primary theme pertaining to the world of service. Fuchs distinguishes between manufacturing and service itself; he characterizes services for their *lack of any tangible product, and for customer participation*. Stigler and Fuchs both make an effort to classify services into clearly distinguished types. Stigler emphasizes the importance of *distribution* services (chain stores, department stores, mail order houses) and of *professional services industries*, while also considering routine personal services (domestic services, beautician and barber care, laundries, cleaning establishments, etc.) and *business services* (wholesale commerce, financial agencies, insurance, real estate managers). Fuchs highlights the nature of services groups, especially small ones, and the growth of a "services economy" which is clearly distinguishable from a manufacturing economy.

Among the studies which followed, we must not forget Daniel Bell's contribution to thought on the services economy. Bell clarifies the concept of the "post-industrial" society, which is sustained largely by services. Bell's 1973 study, *The Coming of the Post-Industrial Society*, remains essential even today. It was Bell who said that industrial society had come to an end, and that the new society's economy was based on theoretical knowledge—on science and technology—and on the human activities known as "services": activities far removed from manufacturing, and managed by individuals with different types of training compared to workers in the industrial period.

Bell's study opened the eyes of many scholars; labor union leaders and politicians were obliged to take it into account. Although it was not fully understood, it weighed like a tombstone on the industrial society and on many of the problems arising in such a society.

Another fundamental work for understanding the nature of services is *The Information Society as Post-Industrial Society*, by Honey Masuda, 1980.

Masuda clearly traces the *progression from the tertiary to the quaternary*, in light of events emerging in the information society. He distinguishes “services industries” from “information-related industries”, and classifies as “quaternary” those forms of service that characterize a computerized society. This leads him to establish the difference between the tertiary and the quaternary, based on a relevant *intellectual activity performed by the second type of service provider*. Masuda’s distinction between traditional services industries and information-related industries is highly significant. Masuda considers the latter activities, whose performance demands high levels of intellectual content, as “quaternary”.

Masuda divides the quaternary up into four groups of industries: 1) information industries; 2) knowledge industries; 3) arts industries; 4) ethics industries. The first group includes entities that produce or sell cognitive information, such as journalistic and advertising industries, software houses and data base centers. The second group includes activities in which knowledge is produced and intellectual processes are resolved, such as research agencies, professional studios, schools, libraries, etc. The third group comprises all the centers and agencies for artistic production, such as art galleries, museums, cinema producers, orchestras, theater groups, etc. The last group includes religious centers and spiritual centers, such as yoga and zen schools, and other organizations calling out to spiritual seekers.

Masuda has probably come closer than others to defining the central nucleus of the quaternary. It is not really a structural category, but a cultural expression—a particularly sophisticated one—of the tertiary: a sort of evolution of services towards greater refinement and complexity.

This approach would suggest that the quaternary might be an important extension of the tertiary, showing a high level of artistic-literary-philosophical culture built up on a highly advanced technological-scientific base. I believe that we should consider Masuda’s view with attention, for it moves in the right direction.

The so-called “consumer society” is now obsolete. In the consumer era, Western man (and the non-Western societies that imitated him) mostly produced material goods, so that he could “consume” in order

to put an end to the situation of poverty in which he had found himself, and to better satisfy his “needs” through labor (Gary Gross, *Time and Money. The Making of a Consumer Culture*. London: Routledge, 1993).

The consumer society developed in Europe after world war two, taking early form in the 1950s. During that decade, people strove to flee from the suffering caused by the war which had ended in 1945; they sought comfort in goods which were beginning to become available in quantities sufficient to satisfy their basic needs. In the consumer society, products capable of satisfying needs were largely material. People wanted to eat decently, to have a roof over their head, to find the necessary medication in case of illness. Great masses of people looked for work as a means of acquiring these goods, and were willing to move long distances in order to find a job. In Italy, this was the time of worker migration towards job sites in the North, in response to the need for factory laborers.

With the consumer society, the industrial or manufacturing period entered its final phase. It was a glorious phase in many ways: finally, people could proudly claim to have conquered hunger; tamed the suffering caused by the lack of food, heating, hygiene, light, fuel, etc. With the consumer era, Western man saw “welfare” within easy reach; this, then, was an era of hope.

In the 1970s, instead, Europe began to see an economic system which gave primary importance to a) *scientific knowledge* as a means of production; b) *service*, or activity tending to serve other individuals in the various fields in which it is useful in guaranteeing a better life.

The advent of the post-industrial era was observed by such pioneering authors as J.K. Galbraith (1967), A. Touraine (1968), A. Toffier (1970), D. Bell (1973, as mentioned). This was exciting news for all those who had undergone the hardships of the industrial era. With the post-industrial era, which began to emerge clearly in most Western countries in the 1970s, communism, fascism, and technocratic capitalism underwent a progressive decline: especially communism, whose *débauche* culminated with the fall of the Soviet Union at the end of the 1980s.

In any case, the post-industrial era, met by scepticism by many, also entailed the problem of creating a new type of economy: one revolving around services. The *marketing of services* now began its rapid ascent. It requires a *new type of "sales"*, which markets human activities tending toward goals of various complexity. Such activities are nearly always based on intellectual effort. The very idea that a services market exists requires us to explain and illustrate, not material objects, but non-material *performances* by means of which we can reach given results. This is what makes the concept of *service selling* complex.

The need to sell non-material products makes traditional marketing strategies obsolete. To an unprecedented degree, it requires recourse to advertising ; and above all, it inevitably leads to persuasion strategies that may even involve the need for *seduction*, in attracting the public to a given product.

A series of disciplines which the economic world had never known or considered until recently, must now be used as tools of persuasion and "seduction".

The emergence of the quaternary as an economic phase is not driven by the theoretical hypotheses of scholars so much as by certain institutional forms which are essential to production: in particular in the area of "selling" non-material products. If in former times, the fundamental factor in production was *the making of the product*, at a certain point, the *capacity and ability to sell the product* has become a fundamental factor which no manufacturer can afford to neglect. The selling processes are the central concern of certain entrepreneurial activities such as product presentation, advertising, and—above all, as we have seen—*customer seduction*, without which one could never lead great masses of potential purchasers to notice the product.

The importance assumed by a "seductive" sales activity favors a particular quality in the entrepreneur: "*creativity*", *as a factor capable of attracting masses of potential users*.

The idea of "creativity" did not first appear as fundamental to the post-industrial economy. Unlike the idea of "knowledge", which was