

CHAPTER 1

SHIFT 1: FROM INDUSTRIAL TO DIGITAL

Mindset shift: Understanding that the Industrial Revolution system has ended and is being replaced by the digital world we now live in. The rules of this system are different to the ones you were trained in and you must play by the new set of rules if you want to succeed.

In October 1806, Napoleon stood on a grassy battlefield of Jena facing the Prussian Army. He was outnumbered almost two to one. Napoleon's troops numbered 66,000 and Prince Hohenlohe of Prussia had mobilized 119,000 men for battle who had been preparing for this moment for a month.

On paper this should have been the end of the road for Napoleon – his troops were outnumbered and entering unfamiliar territory being defended by a proud and

established military force. However, things did not go well for the defending Prussian army that day.

The Prussian army may have looked menacing from a distance but they were masking a fatal weakness. Their men were led by hereditary aristocrats who were disorganized, disobedient and unskilled. The Prussian army's ranks were based on a system of nepotism and flattery known as the Feudal System. The top roles had nothing to do with skill or merit and everything to do with birthright, virtue signalling and social games. The troops may have looked like one army but each regiment was loyal to their own feudal structure instead of a unified national identity. When orders were given from the so-called top, they had to be agreed to and re-given down the line through a discombobulated and unclear coalition of leaders who each had their own agenda in mind.

The Prussians were fidgeting that morning – rubbing their hands together to keep warm, they cast their eyes around wondering how each of their fellow soldiers would react when battle began. The French Army stood steely eyed – they were organized and followed a strict chain of command. When given orders, they didn't hesitate, they were ready to play their part in the expansion of the growing French Empire. Their ranks, led by the most skilled and experienced personnel, had been drilled into good form and motivated compliance.

As the sounds of muscats and cannons began to pop, the differences became painfully clear with the well-trained French army overwhelming the disjointed, disobedient and defective Prussians. At the end of the day, Napoleon had subjugated the Prussian King and was on his way to Berlin

as their new Emperor to sign treaties that would embarrass and impoverish the defeated nation.

A decade later, the German-speaking regions had taken heed of their losses and constructed a plan to ensure they would never submit to such a cruel defeat ever again. They would establish a strong national identity and begin military training early; every child would attend a compulsory school system that would turn them from free-thinking, spirited children into compliant and obedient servants of the state. By the time they were teens, they would be ready to become loyal soldiers who would willingly fight, and die, for their country (the nation we now know as Germany).

The Prussian school system dressed children in uniforms and sat them in rows resembling the rank and file of a military parade. It introduced standardized testing, strict regimented days and a culture of blind obedience to authority. It wasn't optional – parents had to send their kids to school or risk being imprisoned; a clear message that the nation state was more powerful than the family unit.

By the mid-1800s, this structured, state-controlled, mandatory schooling system caught the eye of another group of people further afield. In 1843, Horace Mann, a Senator of Massachusetts, visited Germany in his capacity on the newly formed Board of Education. The Board of Education needed to solve a big problem unfolding in the USA.

As Horace Mann inspected classrooms in Prussia, his eyes lit up – he had found what he was looking for. His interest was not military but it was similar. He wanted to prepare children for factory work. The USA was rapidly

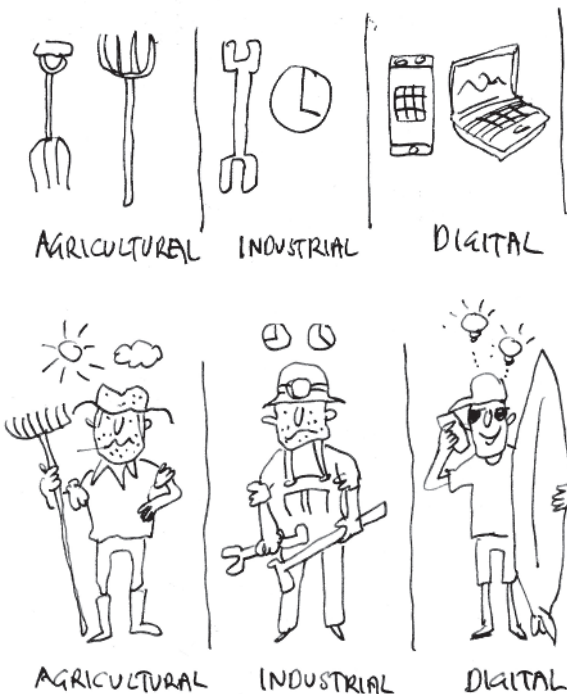
industrializing and the factory owners were struggling to find adequate labour. Mann needed a way of manufacturing the American workers who would propel American manufacturing. What he encountered was vastly different from the disjointed, locally organized schools in the USA. He saw buildings laid out like army barracks, children separated by age and ability, dressed in uniform, answering questions correctly on command.

US children at the time were mostly schooled by Dames and church groups. They were given basic preparations before joining a family trade or helping on a farm but they weren't obedient and compliant when it came to the drudgery, danger and denigration of factory work. People didn't want to work this way; they wanted the variety, autonomy and more mellifluous pace of small business and farming. America was a land of migrants who had travelled from distant shores for freedom and opportunity; they hadn't come this far to staff a noisy, dangerous and dull factory. Horace Mann had found his answer – the compulsory Prussian school system could break the spirits of children early and prepare them for a life of servitude within the confines of a factory, industrial plant or mine. If he could achieve this at scale, the industrialists would have a steady stream of workers and the country would rapidly develop.

Soon after, in Britain, Robert Lowe passed laws to establish the compulsory school system, standardized testing and strict adherence to rules. Lowe was careful not to upset the British class system and he pioneered three schooling systems that would be acceptable to the elite.

For most children, the compulsory state system would prepare them for factory life, for upper-middle-class children Grammar schools would continue with a more classical education including subjects like Latin and Greek philosophy to prepare them for a life in the professions. The children of the wealthy and elite aristocracy would have exclusive schools that would focus on producing the ruling political class, of which Eton stands supreme to this day. For his extraordinary contribution to the industrialists in Britain, Lowe was raised to the peerage – he was made a viscount.

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A new playbook had been created. This playbook was designed for the factory not the farm. It was a playbook that could scale up with the industrialized economy. The playbook for the Agricultural Age needed people to tend the land and produce food. It needed people who could work outdoors with their hands in exchange for their subsistence needs. The Feudal System had been a viable option for the Agricultural Age but it was breaking down when nations discovered the power of industry. The new playbook would be about turning humans into standardized parts that could fit into a factory and deliver economic prosperity.

As each nation industrialized, the compulsory schooling system we all know today developed alongside the factories and institutions. By the 1900s, a social contract emerged whereby we accepted this system in exchange for a few key perks – affordable housing, an eight-hour workday, a weekend, welfare programmes and a retirement age. In exchange for giving up our human spirit we would get safety, security and structure for life. At its apex, this system wasn't all that bad. A man could go to work in a factory and his wage could support a whole family of five. A woman raised children and made their family home into a place of love and connection. On one wage, they could afford hobbies, take road trips and indulge in the endless output that was flooding into consumer markets. He would work for one company most of his life and receive better and better pay and benefits each year; he would get more and more respect with regular promotions. She would be respected and adored for her role in raising the next generation.

The greatest benefit of all was the ability to become owners in the economy. By age fifty, if you followed this ‘component labour playbook’, the family home was paid off, savings had accumulated and a pension plan was ready to pay out. The family would marry off their daughters and send their sons to work in the factory. Then one day the man would be sent home for the last time to enjoy a decade of retirement before passing away. Work wasn’t glamorous but this system had its perks.

This Industrial Revolution model was so successful that it lifted the majority of the world’s population out of poverty. In 1900, almost 90% of the world’s population was living in abject poverty and life expectancy was 35–40 years old in most parts of the world. By trading our free spirit and autonomy, humanity had achieved the dream of health and abundance. By the year 2000, over 80% of the world’s population was no longer in abject poverty and it became normal for people to live past 70.

By the late 1900s, the abundant industrialized capitalist model gave birth to twins who would disrupt the component labour playbook. The first was abundant capital. The capitalist system invented finance; the ability to magic money from thin air and mobilize resources at speed today rather than having to wait. The second was digital technology, which could rapidly replace the jobs in factories and even in the professions. The impact of these two forces made the component labour playbook redundant. Abundant capital made homes too expensive to own and technology reduced the value of labour to the point that a household required two

full-time workers just to live in a small flat in a city where the last remaining good jobs were. As a result, birth rates plummeted and home ownership became unattainable.

The component labour playbook has broken down on all fronts. There are no careers – if you stay at one company for too long you are more likely to be made redundant than receive a promotion. The eight-hour workday has been replaced by an always-on culture of endless emails and notifications that never sleep. A family home is unaffordable even for couples with both partners bringing home a full-time wage. Completing school isn't enough to get a decent job – a person needs a university degree too and that lands them in significant debt. As a couple hit age 40, they are lucky to be buying their first home and it's hardly a suitable dwelling to raise a family. Many professional couples in big cities live in tiny flats and terraced homes that would have historically been considered starter homes for unskilled labourers. This couple are under pressure just to stay married as each of them is changing jobs every few years. Their savings don't accumulate for long. Governments have become so large and indebted that record levels of tax burden is firmly on the shoulders of the middle class. Many couples who follow the rules of society choose not to have children or they delay and delay starting a family to the extent that it's more common than ever for a couple to have one or two kids and very rare to see three or four. When it comes time to retire, the government is finding ways to shirk all responsibility – pushing up the retirement age, reducing benefits, deflating the value of their currency and removing benefits.

Few publicly acknowledge that the industrial system has run its course. It's come to an end and we are left with a set of rules and paradigms that do not fit with the reality we are living in.

The schooling system prepared us to slot into a world that no longer exists. We are a product that has been churned out of a factory without a viable market to go into – we are the left-over stock from a campaign that ended last season. The schooling system was designed to produce obedient, functional component labour to work in any business or institution in the local area. That system still hasn't adapted to the world we live in now.

The world that has emerged is digitally powered, fuelled with abundant capital. This world does not need so many replaceable humans who follow orders blindly, doing repetitive, tedious work. We have computers, software, robots and artificial intelligence that can do most of it. What little factory work remains has been centralized in low-cost labour countries at a price far below what we can compete with in post-industrialized economies. Even white-collar work such as customer support, administration, programming, graphic design, legal compliance, accounting, video editing, marketing and employee management are being moved to places like Brazil, Africa, India, Thailand and the Philippines. If it's repetitive and it requires little more than a computer and a screen it's moving to a lower-cost country.

You were trained to function in a world that no longer needs your component labour. The unwritten social contract you were promised has been ripped up without your

consultation and all the outcomes you were promised have been shipped somewhere else. For many people this realization will sting. It's unfair, there is a loss attached to this shift. You might want to fight it, you might want things to go back the way they were and you might argue the system was better the way it was. I get it and understand it – I came of age in the 1990s and experienced how great life was before digital technology disrupted everything. I have come to peace with the fact I can't change the ocean or the tides, all I can do is learn to surf the waves I'm on. The good news is that there is boundless opportunity now to have a magical life if you learn to manoeuvre through these trends successfully.

A new playbook is available, the one that is already being used by entrepreneurs all over the world. The new playbook leverages abundant technology and capital to produce a life that is worth living. This new playbook will allow you to live and work from anywhere. It will give you enough money to live in a big family home, raise children, travel in style and explore your passions and interests. Better yet, it won't require two people to work their guts out – most of the work will be done by technology and capital. If a couple wants to, they can adopt the traditional model of one income earner and one home maker. Alternatively, both could work part-time in one business or they could each have a business that follows the new playbook. The new playbook is even better than the component labour playbook was on its best day.

It is going to feel weird to adopt this new playbook because it feels almost forbidden. If you attended the traditional schooling system and have been part of Western

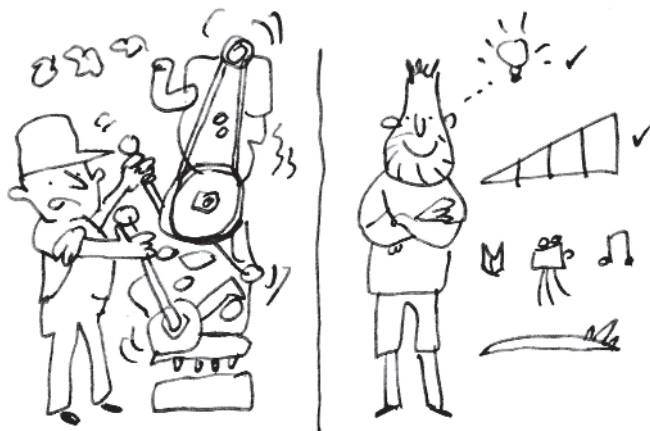
culture for the last couple of decades it will feel strange to talk about having a great lifestyle and a wonderful home without even two people.

In the Agricultural Age humans organized themselves using a playbook called 'the Feudal System'. To become wealthy, you had to be endowed with fertile lands that you could protect. If you did not have lands, your time and effort went into extracting value from land for those who did. You were given subsistence food supplies in exchange for harvesting, preparing and moving food around.

Then industrial technology changed things. The invention of engines, electricity, fossil fuels and machinery removed most people from farming the land and freed them up to work in factories. The Industrial Age playbook replaced the Feudal System playbook. Vast amounts of land became less important. The wealthy were those who had the capital to set up a factory with machines, materials and workers. If you didn't have those things, you were given a job in the factory and in exchange for your compliance, you were allocated wages that enabled you to afford a home you could own and a short period of retirement. You had to sell your time and skills for money to those who had the leverage of capital.

The industrial system gave birth to finance and digital technology, which has created a completely new globalized world. In this new economy the physical factory has become less important. Wealthy people leverage intellectual property, media, data and software to build fortunes at the speed of light. If you play by the old rules in this new system you

will fail. You must adopt a new playbook that allows you to turn your ideas into digital assets that deliver value at scale without you having to directly sell your time for money.



In this new digital economy, it is those who design and create intangible assets that win. These new assets scale at the speed of light, deliver value regardless of geography and replicate at zero marginal cost. The world is fast changing and so must you. These technologies will either drastically disrupt your way of life or dramatically improve it.

Ali Abdaal is an incredibly smart young man. He scored in the top of his class at Cambridge University studying medicine. Much to the delight of his family, he graduated and became a doctor within the National Health Service of the UK in 2018. He's also incredibly generous. As he was working as a doctor, he was also sharing his journey on YouTube. Despite 15-hour days in the hospital he found time to shoot and edit videos to help people with their lives.

These videos gained traction and he eventually attracted millions of views.

Ali is also very brave. In 2020, he made the wildly unpopular decision to quit medicine and become a You-Tuber. This move was unthinkable at the time, to trade in the years of study to become a doctor to pursue podcasting and video-making for free wasn't something anyone expected. Ali recognized something important, the world was changing. Many of the older doctors he worked with weren't happy or even rich. Ali saw an alternative life path he could move to.

Today Ali Abdaal has millions of subscribers on YouTube, a ridiculously profitable business and a life of fun, freedom and fulfilment. Ali has a lifestyle business and he is able to improve even more lives each year than a doctor could hope to in an entire career. You have the same options available to you too. You can build a lifestyle business and you can impact people all over the world. You can experience more fun, freedom, fulfilment and financial success too.

The first shift you must make is to acknowledge that you were prepared for a world that no longer exists. Your education and training was designed to make you part of the machine but that machine is being replaced. Many of the ideas that were drilled into you are the opposite of what works today.

You were taught that you must face every test on your own. You were not encouraged to collaborate with the smartest people you knew in order to ace every exam – that was called cheating. In today's world, you will form relationships

with collaborators who complement each other's strengths and weaknesses. You will ace every test together because as a team your chemistry is an asset that is worth more than any individual's skills. You are not a component that fits nicely into someone else's machine; you are a valuable part of a collective moving through the world together having adventures.

You were taught not to be an attention seeker. There came a day when you bound into the classroom full of life and energy, you told a joke and everyone cracked up laughing. You weren't praised for this, you were punished. The message was clear – don't stand out, don't be disruptive, just do your work. In today's world, not standing out is dangerous. One of the highest honours in the business world is to be described as a disruptor. The highest-paid people know how to be attention seekers – they burst into people's minds, they make jokes, they get a reaction and they make more money because they can do this.

You were taught not to use technology. You can't use a calculator to do your math test. You can't take your smartphone into your history exam. You certainly can't generate the answers with AI to graduate. In real life, if you're not using technology all the time to do as much as possible, then you are going to be left behind. There may have been a time when learning the basics without the help of technology was wise but you leave that lesson behind now.

You were taught that turning up on time at a particular place was supremely valuable. Being late or not showing up at all was one of the worst things you could do regardless of

your grades. In today's world, you don't need to be anywhere in particular to create value, and if you can get a great result in 2 hours at 2 a.m., it's more valuable than doing average work for 8 hours between 9 a.m. and 5 p.m.

All of these things you learned, need to be unlearned. You have to get yourself comfortable with the idea that work can be fun. Your value is in your ability to make friends, cause a ruckus, copy the answers to the test from the smartest people you know, download the homework and do it all from wherever you want to be. You have to explore your mind and do a clean-out of the old ideas and replace them with the new ones that serve you better.

Activity:

Chart a timeline of your career to date. Identify the skills you learned at each stage of your journey. Identify stories that are unique to you and themes that stand out. Consider what you want to be known for going forward.

AI prompt:

'I want to prepare myself for the big changes that are coming in my industry. In particular, AI is going to disrupt the way I work and will create new opportunities for me to explore. Ask me questions to discover how I can adapt and prepare to make the most of the next five years.'

