

the Observer



The Age of Art and Heart

I first learned about the great poets, composers, and painters of the Renaissance period in fifth grade. It was very exciting to learn about these great masters and their beautiful art which has stood the test of time. Then my teacher changed subjects. My school day finished with arithmetic, english, and science. Yet, I found myself daydreaming about the Renaissance period and its emphasis on the arts. Suddenly, my brain was jolted back to reality. I heard my mother's voice... "Remember to study your science, math, and English if you want to grow up and be somebody...support a family...live in the REAL world." So, I dutifully finished grammar school, high school, and

I find the world has changed. The Renaissance is back. We are no longer in the Industrial Age. We are still in the Information Age, but that is even fading now into what is now known as the Conceptual Age...the Age of Art and Heart.

Nothing ever stays the same. Change has always been the operative word of the day. We see this reality played out in the 1967 movie *The Graduate*. Dustin Hoffman plays a depressed graduate student, Benjamin Braddock. Benjamin has a conversation with Mr. McGuire who gives him one piece of advice, "plastics". Ah, yes, plastics, the mantra of the new Industrial Age. Benjamin had a choice. He could either get on, get out of the way or get run over by this train of change.

Since 1967, the train has continued to pick up speed. New homes are now almost twice the size of homes built in the 1970s. One-car garages have been replaced with three car garages. Today we have digital phones, plasma/LCD TV's, personal computers, DSL/high speed cable internet access, microwave ovens, iPods, cell phones and much more. The

The introduction of the Internet has created another fundamental change. It has leveled the playing field. Before the Internet, the United States, Germany, and Japan called the shots. Each country's industrial base researched, developed and created products in their respective countries that were preferred by their citizens and shipped out to sell to the rest of the developed world. The beginning of the end of the Information Age coincided with the first decade of the Internet. Global commoditization and manufacturing of products from sneakers to jet engines as well as the outsourcing of services like call centers and complex data entry are common today.

A great example of this commoditization and globalization trend is illustrated in *The World is Flat* by Thomas L. Friedman. Mr. Friedman purchased a notebook computer from Dell to use in writing his book. He called the Dell 800 number and spoke to a sales representative in India, named Mujteba Naqui. Dell assembles notebook computers at six factories in Ireland, China, Brazil, the United States (2) and Malaysia. This particular order was routed to Penang, Malaysia. Dell uses multiple suppliers to insure a constant flow of parts. Basically the global supply chain reaches throughout the world and results in a notebook computer being completely assembled in the Penang factory in approximately three to five hours. Dell works with hundreds of other U.S. and foreign companies to deliver personal computers to

*Computers are incredibly fast, accurate, and stupid.
Human beings are incredibly slow, inaccurate, and brilliant.
Together they are powerful beyond imagination.*

— ALBERT EINSTEIN

college. I graduated with a B.S. in General Engineering. I felt ready to tackle the Industrial Age, those exciting Renaissance masters all but completely forgotten. But now

Information Age has created immense opportunities and efficiencies for growth at the corporate level.



homes and businesses throughout the world.

Dell is an obvious success story. But what about all of those middle market companies and mom and pop businesses which dot the American information age landscape? How are they dealing with globalization? Can they compete? Are they just a bankruptcy waiting to happen or are they the next Dell? How about the tens of millions of Americans in technical and service jobs? Are their jobs about to be outsourced or eliminated? What do they do about the future?

The answers to these questions lie in a new age, which is just in its infancy. It is the Conceptual Age or as we like to refer to it, the Age of Art and Heart. How do we come to grips with this new Conceptual Age and how does it affect you and me? How do we prepare ourselves to survive as employees, patrons, owners, investors, retirees, stewards and legatees in this new age? Let's start with an examination of how we think.

From time to time we are reminded about the two halves of our brain. When a stroke victim is paralyzed on the right side of the body, the doctor informs the family that a blood clot has damaged the left side of the brain. Physically, the right and left sides of our brain control the opposite sides of our body. However, when it comes to thinking and reasoning, the left hemisphere is logical, sequential and analytical while the right hemisphere is nonlinear, holistic and intuitive. We use both sides of our brain, however, to perform all tasks. Since the dawn of the Industrial Revolution we have relied more on sequential, left brain thinking to develop, organize, and operate businesses. Our schools and universities have educated a disproportionate number

of Americans in the math, engineering, science, accounting and legal fields fostering sequential thinking. We have far fewer graduates in music and visual and performing arts. How many parents do you know who would be enthusiastic about their child pursuing an acting career or becoming a rock star, writer or artist? Maybe we need to spend more time learning the lessons of the Renaissance than just a few weeks in the fifth

Commit yourself to lifelong learning. The most valuable asset you'll ever have is your mind and what you put into it.

—BRIAN TRACY

grade. In order to succeed like Dell, we must start appreciating, developing, and using our intuitive right brain capabilities. Michael Dell and company have retained their intellectual capital for design. They do not OWN their intricate process chain; rather, they retain their knowledge and understanding of its infrastructure. This is classic right brain, intuitive functioning. Does this mean that Dell does not excel at applying sequential and analytical left brain functions? Absolutely not. Now more than ever, it is critical to use both intuitive and sequential thinking to manage and grow a business now and into the future.

Dell and other successful, conceptual age companies have embraced the change brought about by the Internet. Others have been forced to downsize or consolidate resulting in the elimination of jobs, especially union jobs. Since 1970, half of all union labor has been eliminated. This can be attributed primarily to the technological advances brought about by micro processing. Emotional and economic pain is experienced each day by a significant number of

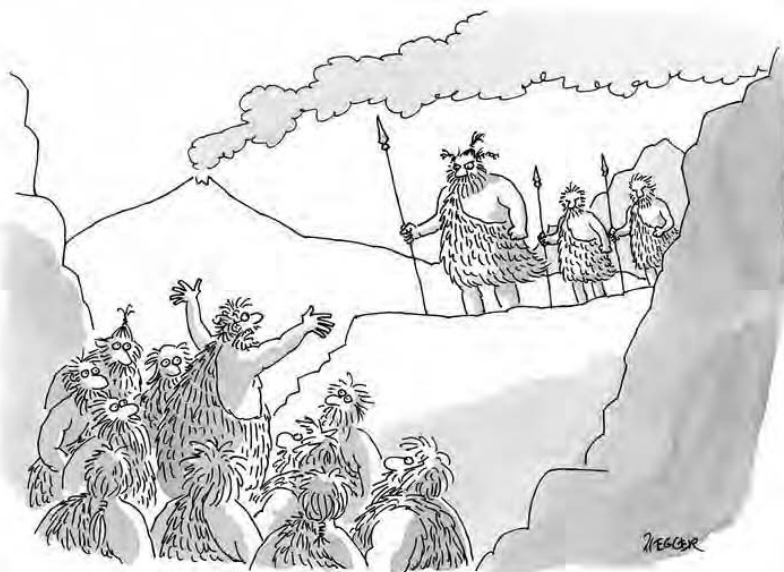
Americans and has sparked debate about the "fairness" of outsourcing jobs to Mexico, China, India and other countries. First, as a nation and as people, we must reeducate ourselves. New jobs are opening in the service industry, not in the industrial trades. Obviously, we still have our work cut out for us in dealing with the social ramifications of these changes.

Change is challenging enough, but there is hope. We must understand that we are in a new age, the Conceptual Age, and that there are new rules. Like

Benjamin from *The Graduate*, we need to get on the train...and it all starts with education.

Every person working in any business must create wealth to ultimately remain employed. Each year, many large accounting firms electronically transfer basic income tax return work out to India because the cost is much less than using U.S. accounting "labor." Many product call centers are now located in India, Russia and Poland. To create wealth, U.S. workers must continue to educate themselves. A degree from a four-year college or technical school is just the beginning. Job security is a function of the number of wealth-creating skill sets that one possesses. Continuous reading or taking courses in school or through the internet is necessary to maintain and improve both the intuitive awareness and sequential skills required to avoid getting thrown off or run over by the train.

In his book, *A Whole New Mind*, Daniel Pink compares two men, Paul Thomson, director of the Cooper-Hewitt Museum in New York City and Norio Ohga, former chairman of Sony, and their competitive approaches in today's



"Why is the arts budget always the first thing to be cut, when you know damn well it's the only thing that separates us from the monkeys?"

global market. Thompson comments: "Manufacturers have begun to recognize that we can't compete with the pricing structure and labor costs of the Far East. So how can we compete? It has to be with design." Ohga states: "At Sony, we assume that all products of our competitors have basically the same technology, price, performance, and features. Design is the only thing that differentiates one product from another in the marketplace." In other words, intuitive creativity must be applied in order to win.

Complete financial strategies and transactions, creative design and innovative packaging and other intellectual property are not yet being outsourced. The computer is not able to replicate the unique functions of right brain creativity while organizing, coding and delivering a unique product or service. This is the business of the future for developed nations. When accounting firms outsource the completion of tax returns to India, the basic information is entered. The firms still retain the research

and decision making skills necessary for more complicated and complex tax and accounting services. Pink goes on to discuss the MFA (Master of Fine Arts) as the new MBA. In his opinion, there is a shortage of MFA's in the United States. Mom and Dad, maybe there is hope for your starving artist!

Robert Slee, an investment banker out of Charlotte, North Carolina provides corporate financing for middle market, private companies. He travels the country presenting all day seminars to middle market business owners on his mental construct, the "River of Wealth." He has found that many American business owners are a step away from going out of business because they are ignoring globalization. According to Bob, there are approximately 300,000 middle market businesses in the United States accounting for approximately 80% of new jobs each year. Bob is attempting to reorient these businesses and business owners from the Industrial/Information Age to the Conceptual Age. How does one distinguish between a

company like Dell and one of these Information Age, middle market companies? Companies that are tactical (Information Age) will lose while those that are strategic (Dell) will win. Tactical companies that are left brain oriented act as sergeants, perform as players and concentrate on operations and sales. Strategic companies like Dell are both left and right brain oriented, act as generals, coach the players, create fluid business models and concentrate on marketing. We currently live in a strategic world while most owners in the U.S. are still acting tactically. This must change!

If you want a loan from Bob to expand your business you must be strategic. If you bring a Dell type model to Bob based on design and delivery with everything else outsourced, there is a good chance Bob will underwrite the capital for your startup or expansion. Financial capital is a commodity; intellectual capital is the "know how." We now get paid for the know how.

Another trend seems to be developing in our society today. Our success as a country has created significant wealth and our lifestyles are blessed with a multitude of comforts and material possessions. We have more of everything in greater numbers, varieties, flavors and choices. Many of us are now asking "What's it all about?" "What is the meaning of life?" Ronald Inglehart, a political scientist at the University of Michigan, administers an annual World Values Survey. Recently, his respondents have expressed a greater concern for spiritual and nonmaterial matters. According to one of his recent surveys, 58 percent of Americans think often about the meaning and purpose of life. This seems to indicate a slow shift from solely

materialist goals toward goals that also include meaning. We find that many retirees today have become busier than they ever imagined. They spend their time with grandchildren, seeking to build relationships and pass on their morals and beliefs. They volunteer at hospitals, shelters, museums and churches not only to maintain a sense of purpose in their lives but also to help perpetuate these institutions and what they represent. They have retired "to" something rather than "from" something. The growth of this perspective in society perhaps offers hope in our struggle to reconcile the social and economic distortions that will continue to develop as the train rolls on.

This hope feels real when we remember how many of us stepped up to help following the hurricane in New Orleans. One man I met from Utah single-handedly saved over 4,000 dogs in a period of two weeks. People all over the country opened their homes to displaced families. We as a people did what our government was unable to do effectively. This is all heart.

Beauty, harmony and symphony are expressed in music, art, entertainment and nature. When expressed expertly, there is no better feeling that can be generated. Just spend one half hour, three days in a row watching the sunset in complete silence over the

mountains or ocean and you will be placed in a state of gratitude. Grateful to be alive and even though you may feel very small in relationship to the grandeur of nature, you will not feel belittled, stepped upon, or abused, rather, you will feel bliss. Go to Rome and visit the Sistine Chapel or to the Louvre in Paris or visit the great architectural buildings in Europe and you will feel inspired and at peace. We as a nation seem to be moving more each day toward greater use of our holistic and intuitive abilities. The Renaissance may be reappearing, this time in a much different form due to the advances in technology. It could be a beautiful thing.



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