

Are you thinking about starting a business or nonprofit? Or perhaps you are thinking about taking a new leadership role in a business or nonprofit. Here’s the truth: every such organization needs a special look at how it deploys its resources.

So, you will definitely need to take a highly discerning look at what economists call “factors of production.” Those are the required elements for providing a good or service. And the more astute your enterprise’s mix of those elements, the better your enterprise’s results in providing goods or services.

For decades, economics textbooks routinely said that there were three basic factors of production, and so there were, because the experts said so! So, we’ll start there. But, fair warning, we’re going to expand that list to reflect what’s really going on—and even dominating—in today’s world.

But back to those economics classics, the three “original” factors of production: those three are land, labor, and capital. Essentially, the task of most every enterprise—whether business or nonprofit—requires determining and deploying the optimal mix of these factors.

Let’s start at the beginning. For millennia, basic agriculture was the crucial underpinning of every economy and life itself! Well, duh, people have to eat! But farming was crucial well into recent economic history. In fact, in the year 1800, we’re told that about 83% of Americans were involved in agriculture. And in agriculture, those 83% needed to focus on land, of course! You simply have to have sufficient fertile land to make the practice of agriculture fruitful. Also, back then, before significant agricultural machinery had been invented, much labor was needed. Of course, the despicable institution of slavery sometimes added labor resources. And capital—money—was used to buy land and labor and cover operating expenses.

There you have it: the roots, as it were, of thinking about factors of production—land, labor, and capital. And then, in England about the mid-1700s, the Industrial Revolution started—that is, mechanization started the process of using machines to steadily reduce the need for labor. Accordingly, human productivity increased substantially. Once this track started, life would never be the same, largely for the better. But this shift merely changed the mix of land, labor, and capital. More capital for machines, sometimes less land needed for high human productivity. And, of course, labor was moving to a sort of partnership with machines—manufacturing, operating, repairing became highly sought-after skills.

And so economists continued to look to the big three factors: land, labor and capital. But somewhere along the line, economists realized that a key factor was missing—entrepreneurship. That became a clearly visible dimension of expanding free markets where ambition, drive, and risk-taking were often rewarded. Entrepreneurship helped identify why some countries built great wealth as well as why certain countries with apparently equivalent access to land, labor, and capital significantly outpaced other countries. This better fostering of effective resource use requires strong property rights for individuals. Likewise, the fostering of entrepreneurial success requires laws and cultures that structurally honor and appreciate risk-taking. That means capitalism, not socialism.

And so this is where some economists rested, splicing success together from those four key factors for that success—land, labor, capital, and entrepreneurship.

But the dust doesn’t settle so easily. Just like all labor was not necessarily embedded with entrepreneurial orientation and desire—and so entrepreneurship was added to the list—well, then, likewise the “knowledge” factor begs strong consideration. Securing ordinary labor does not automatically equate to entrepreneurial skill and, likewise, securing ordinary labor does not automatically equate to knowledge acquisition. And that’s especially true in the past several decades, where the discovering, acquisition, and use of knowledge in general has grown very dramatically. Suddenly, people who secured special

knowledge honored by others became more valuable than their peers—giving rise to what the unsurpassed long-time management guru Peter Drucker identified in the 1960s as a “knowledge worker.”

There’s hardly a class session in my university-level classes that I don’t stress the importance of becoming a true knowledge-worker. In fact, two people with access to virtually the same knowledge sources can come to significantly different skill sets: one being a true knowledge worker, the other a rather ordinary worker who doesn’t take full advantage of those sources. You see, not all workers are “knowledge workers,” especially at the highest levels of enterprises—not even close! That’s why knowledge has truly emerged as a fifth factor of production. Yes, there’s the knowledge worker, then in the exact same role, there’s the ordinary worker. Just which type of worker are you most surrounded by?

Now, last, I am adding “technology” as the sixth factor. Why? Because if a leader doesn’t make access to cutting-edge technology essential to providing goods and services—and I really do mean that “cutting-edge” is a necessary adjective—that leader’s workplace enterprise will certainly fall behind. In the current digital era of free and near-free accessibility to technology, pulling ahead of your competitors in leveraging top technology is essential to your leadership success in the production of goods and services.

Now, what follows is extremely important. What’s changed recently is not just the adding of these three factors of production: entrepreneurship, knowledge, and technology. What’s important is that the very top enterprises have an extraordinary grasp of the *optimal mix of all six* of the factors of production.

Let’s get specific by looking at several of the U.S. firms with the highest stock market value at the current time—that company value is called “market capitalization,” commonly called “market cap.” Take Facebook. Did Mark Zuckerberg need a huge amount of land or even lots of labor? No, he tilted his mix of the factors of production towards entrepreneurship, knowledge, and technology. Well, how about Google? Was land a big factor? Was labor a large factor? No, again Google’s tilt went more towards entrepreneurship, knowledge, and technology. And how about Amazon? We must look towards founder Jeff Bezos’ entrepreneurship, knowledge, and technology as the difference-makers in building about a trillion dollars or so in Amazon market cap. Sure, he added land and labor, but he used entrepreneurship, knowledge, and technology to clearly cut back the need for some land and labor as compared to many of his struggling bricks-and-mortar competitors—creating an integral part of Amazon’s early advantage!

Your workplace enterprise must take heed of this shifted landscape. Is your enterprise zealously pursuing the optimal mix of entrepreneurship, knowledge, and technology along with the traditional factors of land, labor, and capital? Your thriving—even your surviving—depends on just the right mix of these six!

Even as a church. No, *especially* as a church! Let’s look at the mix of six. First, land—does your church have just the right real estate usage, from the actual land where the church stands to church members’ homes where small groups gather? Second, labor—the Bible tells us the harvest is plentiful and the laborers are few, so Jesus was very much aware of the need for labor in the Kingdom! Third, capital—God wants all those cheerful givers! Fourth, knowledge—the Bible says that “my people perish for lack of knowledge.” Of course, the right response is robust teaching of the Scriptures and the resulting knowledge being put to good use! Fifth, technology—Christians were early pioneers in the use of radio and TV but, in my opinion, are clearly still behind the curve in the fullest use of the internet. And sixth, entrepreneurship: some U.S. cities boast church buildings being visible pretty much anywhere one travels in the city limits, but billions of people worldwide have yet to even hear the Gospel of the Kingdom. So, is that unhearing due to unwilling labor, hoarded capital, ignored knowledge about the Great Commission, or just plain lack of Kingdom entrepreneurs? Here’s the key challenge—how to best attend to Christ’s go-forth command?

So...the optimal “mix of six” factors of production—highly relevant to every organization that expects to truly thrive in the future. Just how are you and your enterprise doing on your “mix of six,” friend?

A&A: Application & Action

1. In your workplace enterprise, take the time to clearly identify and write down its “mix of six” factors of production. How does that compare with the mix of its most effective competitor?
2. In your church, take the time to clearly identify and write down its “mix of six” factors of production. Is this mix a recipe for success in the current and future fulfillment of the Great Commission?
3. For you personally, in all honesty are you mostly “just labor” or are you a clearly differentiated, technology-leveraged “knowledge worker?” In that answer’s context, what are your next steps?