

“Markets in the Firm” – Seminar

By: Ron Manners



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“If you want a really great business don’t be frightened of the market, bring it inside your firm!” This was the challenge today of Ken Phillips, the work reform director of the Institute of Public Affairs.

Ken was presenting a Perth seminar on April 6, sponsored by the economic, education institute The Mannkal Foundation on the unusual topic of ‘markets in the firm’. In attendance were a grouping of senior executives from some of the fastest growing mining and property companies in Western Australia. Without doubt WA is at the start of a new resources era that promises to sustain strong economic growth into the future. Ron Manners, the director of the Mannkal Foundation explained that to be the best, Australian companies need to expose themselves to cutting edge ideas affecting every facet of their business.

“And cutting edge Ken is!” stated Ron. Ken reasons that if the free market approach to economics has produced such startling results for economic well being, shouldn’t free market ideas be able to guide the internal management of businesses. “Ken has emerged over the last few years as one of the most forward thinkers in Australia on labour issues” explained Ron. “But when you get down to the nitty gritty with Ken, you find his real challenge is to the orthodoxy of command and control management of firms” said Ron.

As Ron explains, the idea of consciously moving market principles inside the firm seems logical and common sense. Yes, command and control economies like the old USSR found they had to become market based to succeed. But when the same ideas are applied to businesses it unsettles lots of comfortable ways of operating. Ken drew on a wide range of examples and case studied the giant industrial conglomerate in the USA, Koch Industries. With annual sales exceeding \$US 35 billion, the Koch company claims the reason for their success is their approach to applying market principle inside their firm.

“Second best is not good enough for Western Australia” says Ron Manners. “Lets find what the best around the world are doing and see if there is application for us.”

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