Business Fantasy

The young lad had no decent shoes. It was late summer and his uncle instructed him to go out into the forest and bring back some more firewood in preparation for the cold weather. He was an orphan. His parents both died of tuberculosis in previous cold winters. What he had on his feet were old boots from his father that were much too big, and worn.

Down by the river, he paused under a large oak tree to rest. He must have fallen asleep, dreaming of the new boots that his uncle promised to buy him. The mine was not doing well, but a holiday bonus was hopeful. A lizard came by and asked what troubled the lad.

"My uncle works so hard, long hours deep in the mine, and it seems that he can never escape from that servitude. It is dark down there with unhealthy fumes. He accepts it, but he would rather be outdoors in the sunshine working in the forest. I would like to see him happier" the boy replied.

The lizard noticed the worn out boots on the boys' feet, but made no mention of it.

"I am aware of the greedy mine owners" said the lizard. "They drained the mine waste into my pond and polluted it to be unlivable. The blind pursuit of money tainted their judgement. What brings you out here to sleep under this tree?"

"I was sent to gather some firewood" said the boy.

"I know where there is better firewood" replied the lizard. "The forest is dying around here. Come with me over the mountain and I will show thee a great forest with bountiful fuel to burn."

The boy awoke. There was no lizard. The sun was low and darkness approaching. The boy could not return home without some firewood, so he decided to take a look over the mountain into the next valley. He stumbled on a rock with his oversize old boots and fell into a ravine. There he lay unconscious as the sun set.

His uncle, seeing that his nephew had not returned after dark, fearing the worst, became concerned. He went out into the forest with a flashlight calling his name.

Meanwhile, the lizard re-appeared in the boys' unconscious dream. "Why did you lure me here to fall and get injured?" asked the boy.

The lizard responded "I can see beyond the here and now. What is best for you and your uncle is not in your wordly sensations. Trust me. This pain was necessary."

The uncle searched all night with no success. He should be asleep and resting for another day of work at his shift in the mine. His missing nephew was more important. In the early daylight, uncle saw a lizard near the river. Some old boot prints were discovered in the mud that led up to the mountain. There, the uncle found the boy, bruised and conscious, and unable to walk. He carried him back to the cabin which took all day. Upon return they learned that the mine had suffered an explosion that day. Emergency responders were retrieving the bodies.

The mine never re-opened. Uncle was hired by the forest service to reclaim the land. The boy received a new pair of boots.

This fairy tale is a simile for some of the things that are wrong with business operations today. In the story are elements of greed, worker safety, labor abuse, short term profit, corrupt leadership, environmental damage, and disregard for natural neighbors. This was not a real story. It was fabricated. Many businesses are good companies and good stewarts of their subjects. There is variability in the world of business, particularly with regard to human behavior. This article intends to explore those boundaries.

The phrase "business as usual" is sometimes used after a disruption to suggest that everything has returned to normal, meaning the previous old practice. The objective of business practice is to make money. That is a misnomer because private businesses do not "make" money. They collect it. Governments produce some kind of currency in the form of coins or paper notes. So we could say that governments make money in that context. What they actually do is to control the circulation of that currency and in that way influence trade. Governments also extract a portion of that transaction and call it a tax. What private companies actually do is to move some of that currency into their possession by offering something of value to the public. The public being people or other companies.

A business is usually defined as "a human activity that produces goods or services for a profit". The goods or services are usually for human benefit, but need not be. The benefit could be for other creatures or for the planet in general. The profit is usually monetary, but also need not be. The "profit" could be some intangible gain. War can be described as a "dirty business" that fails the definition above. The good that war produces is debatable. Any monetary profit does not exist. There could be some war booty which may be interpreted as some kind of profit. This article will explore the current business practice as taught in business schools, the ethics of basing it on money, and how it can go astray with the frailities of human psychology.

There is no disagreement that humans have achieved wonderful living standards with the extraction of Earths' resources, combined with knowledge of fabrication methods, backed by capital (money), ample cheap labor, and leadership. These achievements are not bordered within any particular system of governance. The ancients achieved just as wondrous structures as any heavy Earth moving equipment can do today. The motivations of the ancients may not have been money at all. They may have been motivated by a survival instinct or some religious belief. A capitalist system based on monetary rewards works, but other systems of rewards may work just as well. The monetary basis of current business practice will be examined and the fundamentals of that basis questioned.

Current practice

Schools of higher learning teach the theory and practice of business. The core curriculum includes topics on --

- Finance
- Economics
- Supply Chain
- Legalities
- Sales and Marketing
- Entrepeneurship
- Leadership and Management
- Global Ventures

The student is prepared with the fundamentals of how an organization, or a sole person, functions in a business environment. The focus is on money, with a cursory exposure to morality and ethics. The student graduates from the academic background with ideal visions, and then joins the operating world that may or may not resemble those ideals. There is a wide variability in the real business world that depends primarily on personalities. Each business entity is composed of people, executives and shareholders (investors), managers, supervisors, employees, plus customers. They each have different views of how to operate and how to earn a profit, in addition to their own personal agendas.

The basis for operating a successful business relies on the fundamentals taught in the academic schools, but the style varies with people. The objectives are always the same i.e. to produce goods and services that add value, and to make a profit. The reason for why businesses operate differently in the real world lays with culture and human psychology.

The Fallacies

Business is all about arithmetic. The basis for business success is bottom line profit. The mathematics are not complicated. The most fundamental concept is "return on investement". This is the first fallacy.

It is understood that some money and effort must first be expended to buy raw materials, pay labor, and do some marketing to generate sales for that "good idea" to return cash flow that pays for all the previous expenses plus extra for profit. The time period for the return profit to become visible is defined by the chief executive or his/her lietenants. It varies from 30 days to 10 or 20 years. The false assumption is that the return should be monetary. It does not need to be. It could be something else, like goodwill, survival from disaster, or just the "right thing to do". A classic example is public transportation that almost never makes a profit, but does benefit people. This will be covered in the next section about governments that do long term planning.

The second fallacy in the definition of business is that it must produce a profit in monetary value. The value can be something other than money. A barter system of exchange is an example. A farmer can exchange cheese for repair services on his tractor. No money exchanges hands. The farmer is in the business of dairy production to produce cheese, and the machanic is in the machine repair business. I suppose some time can be assigned to their labor hours and an exchange rate attached. They both somehow profit, but it is an abstract calculation from assumptions and estimates. The governement would be hard pressed to collect a tax on any unreported profit. So this idea of profit should be qualified with the consideration of "can the government collect a tax on the transaction?".

Suppose there was no money. This is not just a hypothetical exercise. There are cultures today on planet Earth that have no monetary system and still engage is activities that produce goods and services for the group. There certainly were many more people groups in ancient times that engaged in monumental projects where the laborers were not rewarded with coins. They may have been slaves or were offered rewards in the afterlife. Still, they produced something of value in an organized effort. The idea of writing a business plan with no mention of money will be returned to later.

A third fallacy of business practice is contracts in writing. A legal document, signed by both parties, is a statement of mistrust. One side hopes to guarantee performance and the other side hopes to get paid. The fact that it must be "scratched in stone" means that spoken words are no good. A document in writing clearly outlines what is expected of both parties. It leaves less room for mis-interpretation. It performs a valuable function as such, but it still broadcasts a lack of full trust. Good business is built on trust. Military operations in the field of battle proceed with verbal instructions because there is a strong bond of trust. Whenever one party has lawyers compose a contract document for another to sign places the composer in an advantageous position and the subsequent signer at the disadvantage. The written contract outlines performance, but does not guarantee it. It is a starting point for dispute resolution later, but courts will interpret what actaully is fair based on intent and common law.

A fourth fallacy of business practice is to charge whatever the market will bear. This, of couse, maximises profit, but lacks morality and ethics. The ethical question is "Am I harming anyone in my actions?" This question entangles the pain to the customer with the profit to the seller. The seller could be introducing some harm to the customer when attempting to maximise profit. In current business philosophy concerning profit, cost and harm are de-coupled. The cost is defined by marketing. The harm is defined by courts. This is not just a fallacy, but a fundamental flaw in business ethics.

The cost has been decided by the supply and demand economics.This makes sense on the surface. The human psychology of greed comes into play here. Natural disasters are a case in point when bare necessities are in high demand. The supply part of the equation is ignored by unscrupulus sellers who attempt to charge "whatever the market will bear". The seller conveniently forgets the principles of Econimics 101. The supply vs. demand formula does not set the cost. It is overridden by greed.

So the question remains about where do the habits of current business practice originate. A child is not born with any particular behavior. Everything is learned by imitation. It starts from the parental guidance, supplemented from knowledge gained in business school, then modified strongly in the competitive world. It is a learned behavior influenced by human interaction with aspects of human psychology to include empathy, acceptance, self worth, power, and greed.

The goods that humans engage in can be classified generally as agriculture, manufacturing, and construction. Everything else is services or government, to which we turn to next.

Government

Governments are not technically businesses because they do not exist to generate profit. They are, however, useful to explore as a comparison. Governments, of all kinds, have a role to serve the people. They are organized, to a large extent, by the people as a common bond for how they desire to co-exist within a social order. Specifically, governments --

- Establish rules of behavior
- Keep a lid on crime
- Print money
- Provide for defense aginst external threats
- Do public works like energy, water, trash, roads
- Assist in relief during natural disasters
- Fund public education
- Administer health care
- Plus others

Making a profit is not a goal of governments. What is not of concern is how much profit in money will be aquired from some expenditure. The benefit, or profit, is good will for the most people in relation to the moneys spent. The logic of arithmetic does not apply here. Governments take on the task of planning for things that private industry will not do because there is insufficient return on investment. Governments do long term planning for people projects that are the right thing to do. The underlying concern is the benefit for whom and for how many.

Government managers examine their conscience in deciding policy and plans. Sometimes they need to search deep into their sub-conscious. That "gut feeling" sometimes prevails and turns out to be the best long term decision. The rational, conscious, decision is overuled by the "collective unconscious".

Is government, then, a business? It has all of the aspects of finance, economics, supply & demand, legalities, marketing, leadership & management, and global ventures. It produces goods and services for the public. Government only lacks a monetary profit. Its' profit is intangible and may not produce a measurable return of investment in the normal time frames for private businesses. I propose that government is a bigger business than private ventures and a model for future leaders.

It is possible for a business to still operate and not produce any profit. We have non-profit businesses. They can produce zero profit - just cover expenses - or even a negative profit, after which they claim a tax deduction and the government provides some relief. In this context, the government encourages and supports businesses that do not produce any profit, but still are beneficial to the society as a whole.

Nature

The natural world of plants and animals functions well without a business plan based on money. In fact, it could be described as superior in some respects. Take a look at bees, ants, birds, and even fish which thrive in our presence. What are some patterns in nature?

First, there is the instinct for survival. Every day a bird begins early looking for something to eat, and every morning the worm or insect starts every day with trying not to be eaten. Struggles for sources of energy to sustain life occupy most of the day. So nature is life eating life. Organisms are born, eat, grow, then die to decompose and provide material to reguvinate some other organism. Any single organism is a recognizable individual as a living being, but is really a temporary existence within a larger ecosystem. Businesses also have an instinct for survival rooted in the need to "make" money and avoid bleeding it. However, it is perfectly natural for a business to grow, mature, decline, and even perhaps be absorbed by another. That could be called "natural" or even progress. The result could be something superior than what existed before in terms of providing goods and services and making a profit.

Second, all plants and animals co-exist within an environment with other living things. Each organism extracts something from its' surroundings and returns something to it. There is an equilibrium of harmony exchange in both directions. Sometimes, there is cooperation with other species in a symbiotic relationship where both benefit. This is nothing strange in the business world. Cooperation is healthier than competition.

Third, some animals, primarily mammals and birds, have an instinct to conquer. They are territorial and have a urge to dominate. This can be a natural desire for resources or to protect a harem of females for reproduction. It projects status in a group. This leads to challenges for dominance and hostilities. This is when we observe evil. The animals have no conscience or even definition of evil. The evil is only within our human interpretation of good vs. evil. Territorialism is also natural in the business world because it is natural to human psychology. Sales groups have territories with boundaries. This is all normal and even healthy to maintain some order. This is where business ethics regulate behavior that is beyond the authority of common law. The ethics of professional groups lays down some guidance for the handling of money and enterpersonal relations. Nothing is considered criminal, just civil behavior.

The fourth pattern in nature is that populations expand and contract. This can be due to disease, food availability, and predators. It is all natural. A permanent expansion in numbers without bounds is unnatural. Projecting this pattern onto the business world, then, is that an up and down pattern is normal. A permanent increase in anything is unnatural. There is no valid reason for job numbers to grow forever, for stock prices to rise continuously, for sales to expand unbounded, and for construction to always build more. Downturns in the economy are O.K. A permenant increase is not sustainable, but the advertising industry would like you to believe otherwise.

Advertising

Hawkers of goods project optimism, pessimism, or prey on your emotions. The optimistic message is that their product will make you better. There is something deficient in your life that their product can correct. It will make you look better, feel stronger, sleep better, live longer, and attract more sexual partners. All fallacies. The one truth in advertising is that their message is designed to separate you from your money.

The pessimistic message is "give me money now or bad things could happen". This is where insurance companies prevale. They attempt to sell you hope and comfort now for a price. They collect your money now. They profit. The delivery of future hope and comfort is really an unknown. This is also the message from religions and cyber-security.

The third strategy of advertising is to prey on your emotions. They will transmit subliminal stimuli that are below the level of conscious perception. The idea is to convince you that it was your own free choice. Another tactic is to hurry the decision to buy. Make it impulsive with a time limit. Don't think about it too long. Hurry up before the offer expires.

A particularly sinister pitch is for your money while providing nothing in return. Who would fall for such an obvious scheme? Well, many do every day with stock purchases. The broker promises riches in the future for your money today. He/she gives you a fancy piece of paper in exchange for your money. He controls your money while you are left in control of a piece of paper. He cannot control the promised riches. It is beyond his sphere of influence. A good deal for him. A bad deal for you. The stock market has been characterized as a legal form of gambling. As in all gambling operations, the writer of the rules of the game stacks the odds in their favor.

It is better to maintain control of your money. Why would I want to invest is some one elses company? Why not invest in your own enterprise?

The End Game

Businesses produce goods and services - I get that. The profit part has me confused. The confusion is what is the measure of profit and how much. The measure could be in dollars, or yuan, or sheckles, or bitcoin, or hrivni. It could be in percentage of sales. It could also be some other intangible benefit. The next question is how much. It should not be open ended i.e. the maximum amount that I can squeeze from others. That is where greed shows it's ugly head. If the end game is for me to die with more than you, then I am a sorry human specimen. If I wish to die with more territory just to prove that I am bigger, then it does not make you smaller. It makes me vain. Unbounded wealth is a problem for society and for the individual.

It is a problem for society because it generates poverty. There is no objection to business that creates jobs and goods that serve. That is the entrepenerial spirit. However, to amass more gold in my vault means that I must be getting it from somewhere. It does not grow on trees. To transfer an obscene amount of money from your pocket into mine means that you are just a little bit poorer. The masses of people become poorer, while I accumulate more than I need for no sensible benefit other than to feed my ego. That is non-social behavior. It is unsustainable because history has taught us that it leads to revolution. The wealthy hoarder is not willing to sacrifice just a little for the good of the society. In general, it is an unnatural behavior in the natural world. The lion will eat its fill, then step aside for others to partake. It is sharing for the good of the group. But hoarding is a natural human trait, not everywhere, but it is resident in the gene pool.

Our planet Earth is a closed system with limited resources, except for solar energy streaming in from the sun. The fundamental problem has been, is now, and will continue to be, too many people and not enough resources. To concentrate the resources in the hands of a few just compounds the problem.

Excessive wealth also creates problems for the individual scrouge. With more stuff, he/she must now manage more stuff. Freedom becomes restricted. It is now not just a survival chore of finding enough to eat daily, but securing the excess that others would like to get their hands on. There is property management, security protection, and watching your back. You now have much more than the average person, and others see that. They feel that they are also entitled to some of it and it is fair to just take it.

The excess wealth also creates a change in your psychology. The attitude is that you are superior. You deserve it. You are better than others by evolution. The law and ethics do not apply to you any longer. It is O.K. to abuse others who are obviously inferior. Greed and vanity crept up behind you when you were not looking. Just like a little bit of chocolate generates a craving for more, a little bit of money no longer satisfies. Your children become spoiled. They will argue among themselves on who gets the next new car. There is an alternative.

Suppose you decided tomorrow to be philanthropic and gave most of your wealth to charity. Then the burden falls away of the need to manage all of that stuff. You can sleep better. You do not need to watch your back. Canvasers will stop bothering you. Your will or trust will be easier to compose. If you keep just enough for your personal needs, then you can rejoin the human race. You can plan long term for the right thing to do.

If you are in a business, then consider that there are better rewards than just monetary. Money does not deliver long term and deep satisfaction, just a thirst for more. Consider not what is best for me, but for those around me. You will become a leader. Personal satisfaction will be immediate. Financial rewards will come later.

A normal human being would like to have daily job satisfaction. At the end of every day, I would like to feel that I did some good. A normal human would also like lifelong satisfaction. At the end of my life, I would like to know that I accomplished something useful. Neither of these normal human satisfying activities involve the arithmetic of money.

Conclusion

Alomost any human activity can be characterized as a busuness if the profit clause is deleted. We grow food, make things, build, and serve others as a normal human activity. This is business as usual. The things that we do produces goods and services, sometimes for monetary profit and sometimes not. If the activity produces a monetary profit, then it fulfills the formal definition of a business and the government is entitled to extract their portion as a tax. If the activity does not produce a monetary profit for someone, then it does not diminish its' status as a business, only changes its' status to a non-profit, but elevates its' status in terms of human benefit for the people.

A good business practice is to serve the customer, not oneself or the shareholder. Serving the people will pay big dividends in the future, not only in dollars but in pride for doing the right thing. Business plans should have no mention of money in them. A better business plan is to de-emphasize, or just ignore, monetary gain and focus on satisfying the needs of others.

In the future, business practice will change because change is one certainty in the future. We know this from the historical past. We do things differently today than was the custom only 100 years ago. We know this from cultural changes and from geo-political changes. There is a strong possibility that money, the invention of modern business practice, will become obsolete. Perhaps it will be replaced by something else. That something else, we hope, will serve people more equitably and not just a few.