

Business Defined

Essential Definition

Business or commerce is a conditioned exchange.

Business involves needs and values.

Needs relate to functions.

Some would expand the range of business or commerce

to include wants and desires.

Some would even regard wants and desires

and the ability to influence those wants and desires,

as a part of business or commerce.

Sustainability

At this point, consider, as economic conditions decline,

what segment of business most quickly subsides?

Life essentials tend to retain some value and be sustained,

even when other kinds of business or commerce declines.

Goals

Profit is a consequence of good management.

Profit is not a goal.

Good management involves

selecting the products and services which are offered.

Good management also involves

how those products and services are offered.

Too often, there is a surge of investment

directed towards fads of demand.

Oversupply results.

The best performers survive.

The excess capital, chasing the fad, is lost and wasted.

Coordination

Some kind of coordination of capital deployment

is the solution to this dilemma.

Small Business and Big Business

Years ago, I offered professional services for a fee.

The limit to the dimensions of my business

was determined by the number of hours I could offer.

Business Defined

Expansion was gained by adding staff and selling their hours.

The kind of effort and the amount of effort they provided

was not proportional to their salary.

It was more proportional to the least output

for the highest level of benefits.

How could I generate better practices of ethics and morality

by my staff?

I started to determine the broader purposes

and the needs of my staff and how those needs could be met.

There is always, and ever, a balance of incentives

and a distribution of consequences, at play.

Multiplier Effects

I finally learned that a multiplier effect was very valuable.

When the effort invested is the only source of value,

no multiplier effect operates.

When the kind of effort, the quality of effort,

can yield a design, a formula, an innovation or an invention

that can be produced many times, a multiplier effect occurs.

You can afford to invest a higher quality of effort

and a greater amount of effort per product yielded.

Patents, design patents, copyrights, trade names, trade marks, all,

are intellectual properties.

A licensed monopoly comes with the use of intellectual properties.

These intellectual properties have a finite life,

before they become public domain.

Public disclosure is traded

for the limited period of a licensed monopoly.

Small Parcels of Ownership

Corporations are legal fictions

that allow many small parcels of ownership to be combined.

The shareholders reap dividends

and gain an appreciation in the value of the shares.

The directors and managers gain fees and salaries.

The staff obtain pay cheques.

Business Defined

This can become the basis of competition and conflict

Competition and conflict occurs

when the shareholders, the directors, the managers
and the staff have no governing policy of distribution
of the surplus between the costs and the revenues.

The government joins the competition with taxes.

Any future business, if it is to succeed,

needs to heed a set of principles and policies

which take these factors into account.