



## **Basic Philosophy**

Source: Charles Schaul, Applied Transition Strategy

To those about to enter business for the first time, following are some thoughts that may help guide your way.

First, most people think of going into business to make money, and then decide what it is they want to do in their business. If I ask them why they are in business I usually get the answer, "To make money." To them I say, "I believe you have it backwards."

First decide what you want to do, then remember, "YOU ARE IN BUSINESS TO PROVIDE THE GOODS OR SERVICE YOU HAVE CHOSEN." How well or how poorly you do the job that job will be measured by your profit or loss. If you do a good job you will make money (profit.) If you do a poor job you have a loss.

If you keep "making money" in the forefront of your thinking, you will not do as well as those who keep "providing goods or services" in the top of their minds.

A second maxim to consider is, "The customers pay your wages." Without customers, and the revenue they generate for the business, wages and other bills would go unpaid. I believe it important that every employee in a firm understands this – the customers pay their salaries." Not you, the owner, but the customer. If employees, from top to bottom in the company, remember where their wages come from, they will do a better job of meeting the customers' needs. Whether design engineers, manufacturing workers, sales personnel or administrators, the customers pay the wages.

The third thought for now is, "Beware of tacit assumptions." A tacit assumption is one made in the back of your mind and that you may not be aware of. For example, in the early 1970's, most major oil companies based their planning on the tacit assumption that oil would be in good supply. Shell Oil was the only major one that thought from time to time what they would do if oil came into short supply. When OPEC reduced oil shipments, Shell had a plan while the others, laboring under an incorrect tacit assumption, had nowhere to go. Many businesses are trapped by the simple tacit assumption, "Business will be the same tomorrow that it is today." How about the current collapse of the new home market? Many builders were trapped by their tacit assumption. Other tacit assumptions – such as there will always be enough water to irrigate my fields – trap people of all walks in all kinds of businesses.

There are many more basic philosophies of business to consider. More will be written and combined into practical tips for business owners.

The above article was written by Charles R. Schaul. He can be reached at (303) 483-5403 or [charles@appliedtransitionstrategy.com](mailto:charles@appliedtransitionstrategy.com). Copyright by Charles R. Schaul, March 22, 2007, Littleton, CO.