

Business Essentials

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By

David Vance

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Dedicated to Roberta Ann Vance,
my wife and my inspiration.

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PREFACE

This book is for the next generation of leaders in business, industry, and society. As such, it is important for them to understand where wealth and jobs come from, how the government generates tax revenue and the principles which help society function best.

This book assumes no prior business knowledge. It starts with first principles and plunges into some of the most important issues in business. What is the nature of leadership? How can it be developed? What is the importance of self-reliance? Chapter One explores these topics and provides readers with a leadership development strategy.

Entrepreneurs create most of the new jobs in the economy and introduce most of the new goods and services, so the second chapter is devoted to entrepreneurship.

Business operates in the context of the society at large, so chapters three and four explore capitalism and tax policy. Business also operates within the context of the law. Chapter Twelve introduces the reader to legal analysis and contract law.

Soft skills are highly valued, so Chapter Five discusses ethics, manners and civility. Critical thinking should be brought to bear on every aspect of business and society. Elements of critical thinking are analyzed in Chapter Seven. This chapter also discusses specialized applications of critical thinking such as negotiation strategy, and challenging statistics.

Chapter Six explains how to read and analyze financial statements. Chapter Thirteen provides a set of tools for projecting the payoff of investments. It also discusses how to compute loan payments. Such analyses provide a basis for developing and testing strategy.

Chapters Eight, Nine and Ten discuss important marketing issues, starting with the economics of supply and demand, and proceeding through insights on consumer behavior and how to close a sale.

Business is awash in data. Chapter Eleven discusses how to use analytics to convert raw data into actionable intelligence.

Chapter Fourteen explores business valuation, a topic rarely covered in either undergraduate or MBA programs. Company valuation shows how all the other threads of business practice come together to create wealth for the entrepreneur and shareholder.

The insights in this book have been developed over a thirty-year business career, and the material in this book has been field tested on more than a thousand students. Many of the insights in this text have been triggered by questions from undergraduate and MBA students, and fellow professionals. I give them the credit. The faults are my own.

David E. Vance, MBA, JD

CHAPTER ONE

LEADERSHIP, CHARACTER, SELF-RELIANCE AND EXECUTION

After completing this chapter, you should be able to:

- 1.1 Understand the nature and importance of leadership.
 - 1.2 Understand how self-awareness and attitude affect performance, and identify characteristics that lead to success.
 - 1.3 Discuss the importance of character, and how good character can be developed.
 - 1.4 Explain self-reliance and its importance in success.
 - 1.5 Explain the principles of effective execution, which is how to get things done.
-

Introduction

What separates life's winners and losers? Are winners born, or can winning life strategies be learned? These questions have been asked since the days of the ancient Greeks, and perhaps before.

To a considerable extent, we can create our own selves. We can learn through study and experience what works and what doesn't. We can also build on the experience of the hundred-plus generations since the Greeks. History and literature provide clear signals as to why some people succeed and others fail.

The foundation of success is to know who you want to become. Few of us are born with all the knowledge, insight, and discipline needed to succeed. But through study, we can learn what we need to know, and we

can develop habits of character, self-reliance and discipline that will help us succeed.

In this chapter, we explore the nature of leadership, the importance of character, the nature of self-reliance and how to get things done. We begin with that most elusive quality, leadership.

Leadership

For a dozen years two large retailers dominated the consumer electronics, computer and music business, Circuit City and Best Buys. Their stores were the same size and they sold the same mix of merchandise in the same markets. Sometimes their stores were within walking distance of one another. In 2006, Circuit City had sales of \$12.4 billion and 46,000 employees; Best Buys had sales of \$35.9 billion and 140,000 employees.¹ The race was on. But in 2008, Circuit filed for Chapter 7 bankruptcy and went out of business.² By 2008, Best Buys increased sales to \$45.0 billion. It had 155,000 employees and profits of \$1.0 billion a year. What happened?

The answer is leadership. **When a business or organization fails, it is always the leader's fault.** That may sound harsh, but one element of leadership is taking responsibility for what happens. Leadership means anticipating bad circumstances and navigating around them. Leadership also means knowing where to take an organization, getting people to follow your lead, and getting the job done.

Circuit City failed for several reasons. One was poor customer service.³ It violated **the first rule of leadership, which is take care of your people.** Philip J. Schoonover, Chief Executive Officer (CEO) of Circuit City laid off 3,400 of his most experienced sales people because, he said, their wages were too high. The company replaced these experienced salespeople with inexperienced salespeople at a much lower wage.⁴ **When a company takes care of its people, its people take care**

¹ Standard & Poor's Compustat Services. 2012. Data Guide. Englewood.

² Rosenbloom, Stephanie 2008. "Circuit City Seeks Bankruptcy Protection", *New York Times*. Nov. 11. NYTimes.com.
www.nytimes.com/2008/11/11/technology/11circuit.html

³ Arnst, Cathy. 2009. "Memo to CEOs: Experience IS Worth the Money", *Businessweek*. Jan.19.

http://www.businessweek.com/careers/workingparents/blog/archives/2009/01/memo_to_ceos_experience_is_worth_the_money.html

⁴ Carr, David. 2007. "The Media Equation; Thousands Are Laid Off. What's New?" *New York Times*. April 2.

of its customers and customers make a company profitable. When a company fails to take care of its people, they don't take care of customers, and the company fails.

First Rule of Leadership

The first rule of leadership is to **take care of your people.**

This doesn't mean throwing money at them or coddling them. It means treating them fairly, with respect, and understanding their goals.

Everything flows from the bond created by taking care of your people.

Corporations put a high premium on leadership. Jack Welch, former CEO of General Electric, was widely considered to be one of the most effective leaders of the twentieth, or twenty-first century. He believed development of a broad and deep leadership team would help the company succeed, in any market and under any economic conditions. GE has a 53-acre campus at Crotonville, New York, dedicated to leadership development. General Electric spends a billion dollars a year on employee training, much of that on leadership development. The GE program combines classroom study with rotating assignments, exposure to top innovators and close mentoring.⁵

Since its founding in 1968, Intel has been a pioneer in semi-conductor manufacturing and it invented the microprocessor chip. Intel also places a high value on leadership and leadership development. Several authors have attributed Intel's success to superior leadership.

In Peter Drucker's book, *The Practice of Management*, he says that the CEO's job is too varied to be performed by a single individual. Rather, a company needs a 'thought man'. The job of the 'thought man' is to see the big picture. Companies need a 'man of action', to get things done, and a 'front man', someone who can provide an attractive and engaging face for the company.⁶ Intel has been able to develop leaders who can assume each of these roles over their careers.

<http://www.nytimes.com/2007/04/02/business/media/02carr.html>

⁵ ____ 2012. "Leadership and Learning", General Electric. Fairfield, CT.

http://www.ge.com/company/culture/leadership_learning.html

⁶ Drucker, Peter. 1954. *The Practice of Management*. HarperBusiness. Reprinted 2006.

Gordon Moore, a former Intel CEO, was initially the ‘thought man’. He was the originator of Moore’s law, which says the number of transistors on a chip doubles every two years. It was his job to see the big picture, determine where the company had to go, and how to get there. Andrew Grove was the ‘man of action’, who implemented Moore’s vision, and Robert Noyce was the public face of the company. When Grove replaced Moore as the CEO, he took over the duties of the ‘thought man’, and the ‘man of action’ job was transferred to Craig Barrett.

Andrew Grove’s management principles were: (i) be honest and tell the truth. Never shade the truth for fear of offending someone; (ii) be a fast learner and know when the rules of the game have been changed; (iii) hire people with the right kind of ambition, the ambition that provides a person with the internal motivation to push, push, push, but don’t hire people with the kind of ambition that will cause them to elbow others out of the way; (vi) mitigate risk when pushing the edge of the performance envelope by over-preparation; study, prepare, check everything, then check it again; and (v) once one decides a particular employee isn’t working out, terminate them right away, don’t wait.⁷

Intel moves about 300 people a year from management to leadership positions. Intel has created a set of ‘Management and Leadership Expectations’, and supports leadership development with self-study courses and face-to-face sessions with established leaders. This is designed to show how managers aspiring to become leaders must change to be effective.⁸

The conclusions to be drawn from both General Electric and Intel are: (i) leadership is one of the most critical elements of success for any enterprise; (ii) leadership is something that can be learned, enhanced and refined; and (iii) companies are willing to pay to get, and develop, good leaders.

Clearly leadership is bigger than a few good or bad decisions. So, what is it exactly? Socrates summed up the importance of leadership by saying that, “A group of donkeys led by a lion can defeat a group of lions led by a donkey.”

⁷ Mukul, Pandya, Jeffrey Brown, Sandeep Junnarkar, Robbie Shell and Susan Warner. 2004. “Best of the Best: Inside Andy Grove’s Leadership at Intel” *Financial Times Press*. Pearson Publishing. Dec. 10. <http://www.ftpress.com/articles/article.aspx?p=345010>. With excerpts from *Nightly Business Report Presents Lasting Leadership: What You Can Learn from the Top 25 Business People of our Times*, by Mukul, Pandya, Jeffrey Brown, Sandeep Junnarkar, Robbie Shell and Susan Warner. Pearson Prentice Hall. 2006.

⁸ Grove, Andy. 1995, *High Output Management*. Vintage. 2nd edition, NY. NY.

Leadership

Leadership is getting people to *want* to do what needs to be done.

Nature of Leadership

Few people achieve greatness alone. Most must work with others. Getting other people to channel their effort toward common goals requires leadership.

There are two separate and distinct components to leadership. One element is knowing where to take a company. Some call this strategic vision. The other component of leadership is getting people to follow. In some cultures, people are coerced into doing what needs to be done through fear of punishment. But in a capitalist democracy, coercion is not an option. People will only do what they want to do. Even among people who work for a good firm, there is a broad range of contributions. There are those who just do the minimum to keep their jobs; and there are those who are committed to the company and its objectives. This second group of people feel like they are part of something big and wonderful. They feel like they can contribute, and those contributions will be recognized. These people produce many times the value of the worker who just wants to keep his or her job. Good leadership makes people want to contribute. Bad leadership makes people want to do the minimum to get by.

Many people have written about leadership. Kirkpatrick and Loche argued that leaders differ from followers in six important traits: (i) **drive**, which includes motivation, ambition, energy, tenacity and initiative; (ii) the **desire to lead**; (iii) **honesty and integrity**; (iv) **self-confidence**; (v) **cognitive ability**; and (vi) **knowledge** of the business. They also argue that leaders can be born with these traits, or they can learn them.⁹

Gergen argued that one should look for three traits in a leader: character, vision, and political capacity. Political capacity is skill in dealing with people.¹⁰ Clowney emphasized the traits of a leader ought to include sincerity, honesty and humbleness.¹¹ Josephson held that character is the foundation of leadership, and a leader's ability to get results is more closely related to his or her, habits and attitudes than to education and

⁹ Kirkpatrick, S.A. and Loche, E.A. 1991. "Leadership: Do Traits Matter?" *The Executive*. 5 pp48-60.

¹⁰ Gergen, D. 2001. "Character of Leadership", *Executive Excellence*. 18, pp.5-7.

¹¹ Clowney, K. 2001. "New Definition of Leadership", *Executive Excellence*. 18. Pp8-10.

technical skills. General Omar Bradley said a leader must have lofty ideals and stand by them. A leader must be trusted absolutely. His or her character must be ingrained, an internal part of his or her make-up, not a role worn like a suit of clothes. In-grained ideas must include honesty, loyalty, courage, self-confidence, humility and self-sacrifice.¹²

Jack Welsh said leaders must have fault tolerance. If a person does their best and still falls short of goals, a leader should support that person. However, fault tolerance should not extend to people who can't, won't or don't do their jobs. Fault tolerance should not be extended to people who always have an excuse as to why they couldn't achieve goals.

In short, a leader must have the skills and knowledge to form and execute a successful strategic vision, and a leader must have those character traits that cause people to want to make an extra effort. That extra effort often makes the difference between success or failure in business or in any organization. Now let's consider leadership from the point of view of followers.

What do Followers Need?

One of the hardest, yet most useful things to do, is to look at a situation from someone else's point of view. What do followers want in a leader? What do they need? If a leader provides followers with what they want and need, they will gladly work, contribute and produce, and do it at levels far above expectations. But, if a leader fails to provide what people want or need, their efforts will be minimal and stinting, lackluster and not innovative. People may contribute their time and bodies, but not their heart, mind or creative energy.

Followers need confidence in their leaders. They need to know their leaders have a vision as to what needs to be done, and that they know how to do it. They need to know the leader's goals in some way fulfill their own goals. This is called **goal congruence**. Goal congruence is important because leadership is not a one-way street. It is a mutual exchange between leaders and followers. It can't just be about what the leader wants. If it is, the leader-follower relationship will break down and followers will become mere employees doing the minimum to keep their jobs. This gives rise to **the first rule of leadership**, which is **take care of your people**. Everything else flows from the bond created by this rule. Taking care of

¹² Barlow, Cassie B. Mark Jordan, William Hendrix. 2003. "Character Assessment: An Examination of Leadership Levels", *Journal of Business and Psychology*. Vol. 17, No. 4 Summer.

people doesn't mean coddling them or throwing money at them. It means treating them fairly and with respect, and it means understanding their goals.

Leaders

A leader should have the **vision** to know what to do and the **competence** to know how to do it.

A leader should be interested in his or her people as **individuals**, have their best interests at heart, consistent with the goals of the organization, and help them achieve their **goals**.

A leader must have the **character** to be truthful, honest, and follow through on promises. A leader must have **integrity**; that is, his or her actions must match his or her words.

A leader must have **compassion**. This is often expressed as **fault tolerance**. When a person tries his or her best, but fails, a compassionate leader gives them a hand up, rather than punishment for failure.

Followers need to know they are accepted and respected, by both the leader and others in the organization. Finally, followers need to know the leader is compassionate. Cole believed every leader must possess five 'soft' skills.

First, the leader must be sensitive to follower expectations. **Followers expect competence**. This is accomplished through study, attention to detail, and surrounding oneself with competent people. When leaders demonstrate competence, followers will follow. But followers are constantly evaluating their leaders, and if leaders appear incompetent, or if they appear to lack confidence, or if they are indecisive, followers will stop following. In the Navy, cool, unemotional, competence, coupled with decisive and disciplined action, is called **command presence**. Officers are encouraged to work on, and practice, command presence.

Second, followers want a leader that inspires them to **work toward a 'higher' cause**. That could range from introducing a revolutionary product, to reviving a failing company, to making the best bricks in the world. This higher cause gives people self-satisfaction about their work, generates group acceptance, and provides a kind of status.

Third, **followers want clarity and clear standards** against which they can be judged. Clarity is often missing in business communications. Followers need the leader to clarify the murky and simplify the complex. Leaders need to see the world through the eyes of their followers and explain goals, objectives, means and methods in their followers' terms.

Fourth, **followers need a leader who actively listens to what they are saying**. Often people on the factory floor, in the field doing repairs, or in sales, identify problems and opportunities long before they show up in financial records or customer service reports. Leaders need to listen to their followers and carefully consider their input. If leaders don't listen, a company is likely to make the same mistakes, and miss the same opportunities, again and again. Listening also gives followers a sense of self-esteem and a feeling that they are part of the enterprise and not just a replaceable part.

Fifth, **followers want leaders who are introspective and self-critical**. Not self-critical to the point of indecision or inaction, but self-critical in the sense they are humble enough to admit mistakes, and self-critical enough that they are not complacent. Followers want leaders who work to become better leaders. Followers want leaders who can acknowledge their weaknesses and take steps to eliminate them. Humility and self-deprecating humor go a long way in this regard.¹³

Followers want a leader who:

is competent, disciplined and decisive;

can motivate them to work toward a 'higher' cause;

can clearly articulate goals, means and methods, and the basis for measuring performance;

will actively listen to what they are saying; and

is introspective, self-critical, willing to admit mistakes, and is continually trying to improve themselves.

¹³ Cole, Michael. 1999. "Become the Leader Followers Want to Follow", *Supervision*. Dec. pp.9-11.

Character

Character is the sum of how a person thinks and acts. It is something internal and cannot be put on or taken off like a suit of clothes. In a very real sense, character is who we are. When people speak of character they mean good character.

Character is the foundation of leadership. In fact, character is the foundation of any successful career, profession, job, or calling. Good character is important because people want to know who they can rely upon, and who they can't. Many people have tried to articulate the principles of good character. Table 1.1 summarizes Benjamin Franklin's Thirteen Moral Virtues and Two Questions.¹⁴

¹⁴ Franklin, Benjamin. 1791. "Memoires De La Vie Privee", was published in Paris in March of 1791. The first English translation, "The Private Life of the Late Benjamin Franklin, LL.D."

Table 1.1 Benjamin Franklin's Thirteen Moral Virtues

Temperance – Do not eat or drink to excess.

Silence – Only speak when it helps yourself or others. Avoid trifling conversation.

Order – Let everything have its place and every part of business have its time.

Resolution – Resolve to perform what you ought. Perform without fail what you resolve.

Frugality – Make no expense unless it benefits yourself or others. Waste nothing.

Industry – Lose no time. Always be employed doing something useful. Cut off all unnecessary actions.

Sincerity – Use no hurtful deceit. Think innocently and justly, and if you speak, speak accordingly.

Justice – Wrong no one by doing injuries or by omitting the benefits that are your duty.

Moderation – Avoid extremes. Do not resent injuries as much as they deserve.

Cleanliness – Tolerate no uncleanness in body, clothes or home.

Tranquility – Do not be bothered by the little things or common unavoidable accidents.

Chastity – Manage your sexual appetites so you don't injure your reputation or that of others.

Humility – Imitate Jesus and Socrates.

The Morning Question: What good shall I do this day?

The Evening Question: What good have I done this day?

A more contemporary analysis of character is Likona's Model, which has three primary components: (i) Moral Knowing; (ii) Moral Feeling; and (iii) Moral Action. Moral knowing is understanding that there are moral consequences to every interaction with other people. Moral feeling is based on internal sign-posts as to what is right or wrong. Those internal sign posts are developed through thought, study and analysis. Moral Action involves competence, will and habit. Competence is necessary to turn moral feeling into action. Will has been defined as the mobilization of the necessary physical and mental energy to act. People act morally when they have practiced acting morally. Habits of character can be developed and should be practiced.¹⁵

Aristotle believed that "by doing... acts with other men we become just or unjust... and by doing acts in the presence of danger, being habituated to feel fear or confidence, we become brave or cowardly... Some men become temperate and good-tempered, others self-indulgent and irascible, by behaving in one way or another." **The basic thrust of his argument is that virtue, like the arts, is acquired through practice and corresponding actions.**¹⁶

Good character, like any art, is developed through study and practice.

Table 1.2 Air Force Character Attributes provides a good model for evaluating one's character, and the character of co-workers, employees and potential business partners.¹⁷

¹⁵ Likona, T. 1991. *Educating for Character*. New York. Bantam Books.

¹⁶ Annas, Julia. 1999. "Aristotle on Virtue and Happiness", *Aristotle's Ethics*. Edited by Nancy Sherman. New York. Rowman and Littlefield.

¹⁷ Katz, D. and Kahn, R. 1976. *Leadership*. New York. John Wiley & Sons. Pp.525-576.

Table 1.2 Air Force Character Attributes

Integrity – Consistently choosing to do the ‘right’ thing.

Honesty – Consistently being truthful with others.

Loyalty – Being committed to one’s organization, coworkers and subordinates.

Selflessness – Genuine concern for the welfare of others and putting that welfare ahead of one’s own.

Compassion – Concern for the suffering of others, providing aid, and showing mercy.

Competency – Capable of excelling at all tasks assigned; efficiency and effectiveness.

Respectfulness – Shows esteem for, and consideration of others.

Fairness – Treats people in an equitable, impartial, and just manner.

Responsibility and Self-Discipline – Can be depended upon to make rational decisions and to perform tasks assigned without supervision.

Decisiveness – Capable of making logical and effective decisions in a timely manner. Does not shoot from the hip, but makes decisions promptly after considering appropriate information.

Spiritual Appreciation – Values spiritual diversity among individuals.

Cooperativeness – Willingness to work or act together with others in accomplishing a common purpose.

Self-Reliance

Self-reliance is a belief one can do things, by oneself, without help or guidance from others. The self-reliant person relies on his or her own resources. He or she takes charge of any task or job presented to her or him and completes it in an efficient, effective and timely manner.

Self-reliance requires self-confidence. Anyone who lacks self-confidence will subordinate his or her judgment to the opinions of others and when those opinions conflict, as they often do, they will procrastinate and be indecisive.

The self-reliant person never drifts along. He or she sets and completes goals; not because someone tells them to, but because they have an inner voice, an inner drive that propels them forward. The self-reliant person takes responsibility for completing any assigned task or job. The self-reliant person never makes excuses or lays blame when things don't work out.

Once you strap-on the mindset that the responsibility for something is yours and yours alone, you can focus on how to get the job done. The resulting concentrated effort usually leads to success.

Think of a successful person as the sum of thousands of small successes that lead to a successful life. Small successes beget larger ones and so forth, until people look at a person and judge them successful. Self-reliance leads to a peaceful and satisfying life.

Contrast this with the person who is not self-reliant. They either wait for others to do things for them, or they wait for others to help them, or they wait for instructions. In many of life's most critical situations such help will never come. Waiting and procrastination lead to failure. And as failures accumulate, the sum of a person's life looks more and more dismal. Some might reject self-reliance because they think they are too poor, or too weak, or too uneducated, or too old. Such rejection leads to a life without achievement and without dignity. The more you do for people, the less self-reliant and the more dependent they become. Dependent people are not happy people.

People aren't born self-reliant; they learn it, study it, practice it, and after a while, it becomes second nature. Take a challenge, a task, a job and decide you are going to figure out how to do it yourself. Determine you will succeed and you will succeed. Never let up. Never give in. During the Battle of Britain, two years after World War II began in Europe, while London was being bombed, an exhausted Winston Churchill gave a speech that put steel in the backbone of every man and woman in England. The nine key words in that speech were, "Never give in. Never give in. Never, never, never."¹⁸

In the movie "To Have and To Have Not", Humphrey Bogart plays Captain Morgan. A frightened French patriot says: "I wish I could borrow

¹⁸ Churchill, Winston. 1941. Speech given to the Harrow School October 29, a time when Europe had been at war for two years. *The Unrelenting Struggle*. London: Cassell and Boston: Little Brown 1942, pp. 274-76 English edition.

your nature for a while Captain Morgan. You never consider the possibility of defeat; only how to achieve your goals." Captain Morgan was a man who practiced self-reliance every day.

Elbert Hubbard wrote one of the greatest essays ever on the importance of self-reliance. It was published in 1899. It is called "A Message to Garcia." An abridged version is reproduced in Table 1.3. It should be read often.

Table 1.3 A Message to Garcia by Elbert Hubbard

In all this Cuban business one man stands out on the horizon of my memory like Mars at perihelion. When war broke out between Spain and the United States (in 1899), it was necessary to communicate quickly with the leader of the insurgents, General Garcia. He was somewhere in the mountain vastness of Cuba; no one knew where. No mail nor telegraph message could reach him. President McKinley had to secure his cooperation, and quickly.

What to do?

Someone said to the President, "There's a fellow by the name of Rowan who will find Garcia for you, if anybody can."

Rowan was given a letter to be delivered to Garcia. Rowan took the letter, sealed it in an oil-skin pouch and strapped it over his heart. In four days he landed by night off the coast of Cuba from an open boat, disappeared into the jungle, and in three weeks came out on the other side of the island, having traversed a hostile country on foot, and delivered his letter to Garcia. I have no special desire to tell how he did it in detail.

The point I wish to make is this: McKinley gave Rowan a letter to be delivered to Garcia; Rowan took the letter and did not ask, "Where is he?" By the Eternal! There is a man whose form should be cast in deathless bronze and the statue placed in every college of the land. It is not book-learning young men need, nor instruction about this and that, but a stiffening of the vertebrae which will cause them to be loyal to a trust, to act promptly, concentrate their energies: do the thing- "Carry a message to Garcia!"

General Garcia is dead now, but there are other Garcias.

Every man or woman, who has endeavored to carry out an enterprise where many hands were needed, has probably been appalled at times by the imbecility of the average man; by their inability or unwillingness to concentrate on a thing and do it. Slipshod assistance, foolish inattention, dowdy indifference, and half-hearted work seem the rule; and no man

succeeds, unless by hook or crook, or threat, he forces or bribes other men to assist him; or perhaps, God in His goodness performs a miracle, and sends him an Angel of Light for an assistant. You, reader, put this matter to a test: You are sitting now in your office, six clerks are within call. Summon any one and make this request: "Please look in the encyclopedia and make a brief memorandum for me concerning the life of Correggio."

Will the clerk quietly say, "Yes, sir", and go do the task?

On your life, he will not. He will look at you out of a fishy eye and ask one or more of the following questions:

Who was he? Which encyclopedia? Where is the encyclopedia? Was I hired for that? Don't you mean Bismarck? What's the matter with Charlie doing it? Is he dead? Is there any hurry? Shan't I bring you the book and let you look it up yourself? What do you want to know for?

And I will lay you ten-to-one, that after you have answered the questions, and explained how to find the information, and why you want it, the clerk will go off and get one of the other clerks to help him try to find Correggio, and then come back and tell you there is no such man. Of course, I may lose my bet, but according to the Law of Averages, I will not.

Now if you are wise, you will not bother to explain to your 'assistant' that Correggio is indexed under the C's, not in the K's, but you will smile sweetly and say, "Never mind", and go look it up yourself.

And this incapacity for independent action, this moral stupidity, this infirmity of the will, this unwillingness to cheerfully catch hold and lift, are the things that put pure Socialism so far into the future. If men will not act for themselves, what will they do when the benefit of their effort is for all? A first-mate with knotted club seems necessary; and the dread of getting 'the bounce' Saturday night, holds many a worker to his place.

Advertise for a stenographer, and nine out of ten who apply can neither spell nor punctuate, and do not think it necessary to.

Can such a one write a letter to Garcia?

We have recently been hearing much maudlin sympathy expressed for the 'downtrodden denizen of the sweat-shop' and the 'homeless wanderer searching for honest employment', and with it all, often go many hard words for the men in power.

Nothing is said about the employer who grows old before his time in a vain attempt to get frowsy ne'er-do-wells to do intelligent work, and his long, patient, striving with 'help' that does nothing but loaf when his back is turned. In every store and factory there is a constant weeding-out process going on. The employer is constantly sending away 'help' that have shown their incapacity to further the interests of the business, and

others are being taken on. No matter how good times are, this sorting continues; only if times are hard and work is scarce, the sorting is done finer, but out and forever out, the incompetent and unworthy go.

It is the survival of the fittest. Self-interest prompts every employer to keep the best, those who can carry a message to Garcia.

I know one man of brilliant parts who has not the ability to manage a business of his own, and yet who is worthless to anyone else, because he carries with him constantly the insane suspicion that his employer is oppressing, or intending to oppress, him. He cannot give orders, and he will not receive them. Should a message be given him to take to Garcia, his answer would probably be, "Take it yourself."

Tonight, this man walks the streets looking for work, the wind whistling through his threadbare coat. No one who knows him dare employ him, for he is a regular fire-brand of discontent. He is impervious to reason, and the only thing that can impress him is the toe of a thick-soled No. 9 boot.

Of course, I know that one so morally deformed is no less to be pitied than a physical cripple; but in our pitying, let us drop a tear, too, for the men who are striving to carry on a great enterprise, whose working hours are not limited by the whistle, and whose hair is fast turning white through the struggle to hold in line employees with dowdy indifference, slipshod imbecility, and the heartless ingratitude, which, but for their enterprise, would be both hungry and homeless.

Have I put the matter too strongly? Possibly I have, but when all the world has gone a-slumming I wish to speak a word of sympathy for the man who succeeds, the man who, against great odds, has directed the efforts of others, and having succeeded, finds there's nothing in it; nothing but bare board and clothes.

I have carried a dinner pail and worked for day's wages, and I have also been an employer of labor, and I know there is something to be said on both sides. There is no excellence, per se, in poverty; rags are no recommendation; and all employers are not rapacious and high-handed, any more than all poor men are virtuous.

My heart goes out to the man who does his work when the boss is away, as well as when he is at home. And the man who, when given a letter for Garcia, quietly takes it, without asking any idiotic questions, and with no lurking intention of throwing it into the nearest sewer, or of doing anything but deliver it; that man or woman never gets laid off, nor has to go on a strike for higher wages.

Civilization is one long anxious search for just such individuals. Anything such a man or woman asks shall be granted; their kind is so rare