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Practicing the Philosophy

The Seed of a Business

A business begins with an idea to provide a product or service that speaks to a need or a demand. That is, an idea intended to meet the needs of people is the seed from which a business can emerge and develop. However while the creators of the idea possess faith in, and the enthusiasm for, the realization of the idea, it cannot materialize into a business without financial support. Capital is not only required to produce the product or service, it is also needed to promote and distribute it. Although the amount of capital required varies, according to the nature of the product or service and its associated market and distribution channels, the essence of a business remains the idea.

If those with the idea are able to secure the requisite capital and find within them the courage to venture into the unknown territory of the market – if the necessary conditions can be met – they can cause their idea to materialize. By providing a product or service that satisfies the needs of people, the self-reinforcing business cycle (Figure 2.1) will begin to turn. As the product or service meets people’s needs, following a short delay, the producer both gains a share of market and receives the corresponding revenue. In time a profit is derived from the revenue, and then the business will be self-supporting. With profitability, the business is able to continue toward satisfying the needs of people through the continued meeting of the need through the offering of its products and/or services.

Apart from the material requirements a key factor underlying the survival of a newly created business is adaptability. The likelihood of a new business surviving in its early years is greatly dependent upon the flexibility and open-mindedness of those managing the business – usually
The Intent of Business

Because a new business often ventures into uncertain territory, invariably there are many assumptions that must be made regarding the preferences and expectations of the customers and the dynamics of the market within which the business will operate. However, given that some of the initial assumptions may be wrong, or may not be everywhere applicable, success requires those in authority to be flexible and adaptive. Their focus of attention cannot be limited, nor can they become attached to their beliefs, and it is critical that those in authority remain open to learning. It is essential for success that they continually question their assumptions and that they seek a multi-perspective understanding of each circumstance they face. It would be an unsuccessful new business owner who did not learn by testing theory against practice.

Building the Organization

As the business continues to satisfy people's needs, the demand for its products and/or services will grow, as will the amount of work that needs to be performed in a given period of time. This increase in the amount of work makes it ever more difficult for the owner/partners to continue to successfully perform all the required activities toward sustaining the business. Eventually it becomes necessary for the owner/partners to employ the services of others – employees – to help them carry out the daily activities in order to satisfactorily attend to the demands of the business. With the increase in the number of people