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THE HOME BUSINESS AS A CHRISTIAN CALLING

Gary

In every person's life there are key turning points. I believe this is also true of nations and civilizations. These turning points have meaning only in reference to long, uneventful periods of conventional day-to-day activities. That is the whole meaning of a turning point. It turns us into a new path after years of stability. We go about our daily affairs as if nothing will ever change. Women run a seeming endless stream of boring errands. Men trudge off to work to make their little deals, or put out the daily fires that any business generates. And then, almost without warning, comes a turning point. We remember them.

Some of them are obvious. Getting married, having the first child, deaths of key people in our lives. Maybe a business deal that pays off big. Some turning points are not always obvious until years later. But once experienced, they profoundly influence what we do, how we are regarded by others, and how we view ourselves. I want to talk about one of these forks in the road. For some of you, this newsletter will turn out to be a major fork.

There have been several such overnight transforming experiences in my life. The first that I remember was in October of 1956. I attended a lecture by Dr. Fred Schwarz. He was in the process of setting up his Christian Anti-Communism Crusade. In a one-hour lecture, he transformed my thinking. He focused my attention on a political problem. At age 14, I joined the conservative movement. Twelve years later, my book on Karl Marx, was published. It is presently out of print, but I do intend to revise it next year. Of course, I say this every year. That single speech shifted my concerns from boyhood problems to adult problems. I went into the conservative movement's trenches.

In the summer of 1959, a friend of mine shared the story of the life, death, and resurrection of Jesus Christ. When I decided to turn my life over to an invisible Person, that changed my life. That led me to a detailed study of the Bible. This has been in progress now for over a quarter of a century.

I came across a copy of _____ at some stage, probably that same year, though perhaps in 1958. (Do we ever remember when we first saw _____ doubt it). It led me into the free market philosophy. By age 18, I decided that I would have to find a book on the link between free market economics and the Bible. By age 20, I had decided that I would have to write it.

In 1967, _____ published my first nationally published essay as its lead piece. That event also turned my life. I had been trying to break into writing nationally for six years. That gave me confidence. I literally wrote my way into a full-time staff position at the Foundation of Economic Education, which publishes

In 1972, I got married. Since I had met my wife nine years

earlier and had been in her home hundreds of times, this was less of a turning point than a kind of round-up. It was a good thing that she came back to New York and suggested that we get married. I probably wouldn't have thought of it. We hadn't had a date in three years, and we had only had one.

Then, in 1974, came another of my major turning points. I never cease to be amazed that I chose the proper path. It would have been so easy to have missed it. It is the one that I call to your attention.

The Question I Couldn't Answer

Back in early 1974, I was attending a monetary conference. I was a speaker. As I walked through the lobby, a man I had never met spoke to me. He was a newsletter writer and publisher, and a gold coin dealer. His name was Rene Baxter. I had read his letter from time to time.

He asked me a question. That question changed my life, but only because I couldn't answer it. He asked: "Why don't you publish a newsletter?"

I had been writing in *The _____* since _____ had written for perhaps two dozen magazines and newspapers, including the *Wall _____ Journal*. _____ had helped finance my years in graduate school by writing. But never had it occurred to me that I should get into the newsletter business. I was writing a monthly column in a newsletter, but it was published by a non-profit foundation, so it was a "free" letter. The money came in from donations. That was very different from a profit-seeking investment letter.

I went home from that meeting with a new vision. Someone had proposed an opportunity to me. Maybe I could make something of it. It would mean major changes in my life.

I talked it over with my wife. We knew nothing about newsletter publishing. Had we known much about it, we would have chickened out. So I started calculating what it would take. My calculations in retrospect were way off the mark. I never added in what under normal circumstances would have been my advertising expenses, the money my competitors were shelling out to the U.S. Post Office. By a providential meeting with John McFalls, I picked up an idea which gave me an edge: a weekly taped telephone report on gold. He had such a report. I copied his system. I gave a pitch for subscribing at the end of each message. It cost me under \$5 per name to get my first 500 subscribers, plus a lot of script-writing time. That saved me. It costs me closer to \$80 today. To get bigger, you have to spend more per acquisition.

I won't bore you with the details. But the reality of it all came home to me in August. I am gearing up to launch a new business, one that I believe will be the most successful venture I have ever begun, a multi-level Christian book sales

company. We had to buy metal shelving for new and old inventory. I was walking through our corporate warehouse, looking at all the shelving that rises two stories to the ceiling. I looked at a room filled with books and paper that

through. And I recalled those early days in 1974, when my wife and I sat on the floor with two neighbor children, one not too **efficient**, stuffing a few dozen envelopes. Our total inventory consisted of a few back issues of the newsletter. We had no idea what would happen. We envisioned nothing like this.

What didn't I know about newsletter publishing in 1974? Just about everything. I didn't learn how to write advertising copy until late 1976. I copied a display ad that Joe Sugarman's **JS&A** organization had run. Joe was the forerunner of the Sharper Image **Catalogue**, and still the master of display ad copy in my view. My motto is: "If you're going to steal, steal from the best." I sold a mail-order book on price controls. My wife didn't think it would sell. Fortunately, she didn't voice her doubts. We wound up selling about 50,000 of them, in one form or another. is its great grandchild.

My wife taught herself accounting. She also ran all the mailings until 1979: stuffing renewal notices, stamping out the envelopes on a Speedomat, a kind of high-powered Addressograph (I still have it, just in **case!**), stamping out the metal address plates on a World War I vintage Addressograph plate maker (which still runs), fixing the machines when they would break down. She didn't know she had it in her. (Warning: she worked too hard, refusing to decentralize. She burned herself out. She was ready to hire a third-party mailer to do everything by late 1979, and she has never licked a business stamp since. I don't recommend overdoing it the way she did, even for "the right cause." We were both foolish not to roll profits back into hiring a bookkeeper and a manager early enough.) She made the whole business work. She invested that key element, Sweat equity is what makes a business work. All the money in the world can't match the contribution of sweat equity. Big chunks of money are easily wasted. When you have little capital, you have to work smart and hard. It forces you to master the business. It is this steady mastery of the details of the business that eventually produces the profits. Too much capital at the beginning kills you.

The same year that John Shuttleworth started with \$1,500, a rival publishing firm was given about \$6 million to produce a slick equivalent. It was dead within a year. John worked much too hard, as he now admits, seven days a week, for almost a decade before selling the magazine for a fortune. It cost him his first marriage. After he sold it, he suffered from bouts of uncontrollable shaking for over a year. His doctor told him it was very close to battle fatigue symptoms. He overdid it. But he made the magazine work because he didn't have any money to waste.

There is another problem with success. With each success in life comes an equal measure of added responsibility. Always. Life gets tougher and more challenging over time as successes pile up, unless you go into mental retirement, which I don't recommend before age 75 or so. Three of my grandparents worked past age 80, and the fourth, my paternal grandmother, was a semi-invalid. She had a good excuse.

I want my subscribers to be very successful. Why? **Because I believe that Western civilization is headed for its major crisis in history.** I think we will see it before the year 2000. I want to help make dedicated people successful, so that they will be able to take on huge chunks of personal responsibility, especially locally, when the crises hit. The goal of success should be the ability to take on greater responsibility for really important projects, and do it with sufficient experience to insure at least a shot at success.

A profit-seeking business is a very valuable training

ground for the exercise of personal responsibility. So is marriage. But success in business is easier to chart and repeat, because there are profit and loss statements in business that marriage doesn't enjoy.

A Fall-Back Position

What I want to stress is the importance of gaining an area of independent performance outside your **employer's** control. Whatever it is, profit-seeking or not, you should have a more direct relationship with consumers, who ultimately control our destiny as producers. If you are dependent on someone else's judgment of the consumers who pay your salary, and if someone else also has the authority to assess your contribution to the production process, then you are overly dependent. If his decision-making ability goes haywire, you could lose your niche in the market. You need a fall-back position.

The consumer really is king. Meeting his needs and wants at a price he is willing and able to pay is the key to success. He demands that you predict what he will want, so that he doesn't have to think about it today. He expects you to have it available to him when he is ready to buy. You can help to convince him to buy what you have to sell, but ultimately it is his choice. You are dependent on his choice, and the choices of his rivals and competitors, other consumers. (Never, ever forget: consumers compete against consumers, while sellers compete against sellers. Sellers don't compete against consumers except in the rare face-to-face bargaining situations that go on when neither side is sure what the other is willing to accept. Free market capitalism reduces the number of these personal confrontations through a more impersonal process of price competition and published prices.)

You are never financially independent. We use the phrase, but it really is misleading. You can be independent of some representative of the consumer, such as a boss or a trust department of a bank, but you are never independent of the decisions of consumers. They will make you or break you. Your representatives may be good or bad at predicting the decisions of consumers, but it is always the consumers who demand to be served. If you have any capital at all, including your ability to work, then the consumers have leverage over you. This is as it should be. It keeps producers honest. In effect, we **act as consumers to keep ourselves in line as producers.** Scarcity forces us all into a society of mutual restraint. If things weren't scarce, our worst instincts would lead to a war of all against all.

What I **am** suggesting is that if you want to prosper, let alone get rich, you need to become a more successful predictor of consumer demand. You need to learn personally how to plan for this future demand and meet it competitively.

Look, it isn't your money that protects you and gives you your security. What protects you is your market productivity that produces the money. The great thing about having your own business is that it enables you to get the needed skills. The pressure of profit and loss take you step by step down the road to greater security because competition forces you to look after the details. The school of hard knocks is well named. Those who really want mental security need to attend, preferably early in life.

Do you trust your employer's good judgment? Would you trust his good judgment during an economic crisis? An AIDS crisis? If not, then you need a fall-back position. You need your own business.

The Secrets of Success

Over the last few months, I have been reading books on business success. I wish I had read them earlier. But reading books on business success are like reading books on successful dieting. They must be put into action.

Jim Cook's book, (Dutton, 1986), is one of the best I have ever read. Jim founded Investment Rarities Incorporated (1. R.I.), a highly successful gold and silver coin sales company. He tells it all: his idiotic mistakes, the crazy ventures he lost fortunes with, the doubts, the terrors, and the euphoria of running businesses. But most important, he provides you with some excellent principles to avoid the pitfalls.

The secret of success is not allowing the pitfalls to break your back. If you can minimize the pitfalls, your creativity will eventually give you your profits. Real estate entrepreneur John Schaub calls his seminar, "Making It Big on Little Deals." it's a philosophy of life, not just a seminar.

Of course, you can choose to become a plunger. H. L. Hunt was a plunger. Most of the oil billionaires were. (So are most of the oil ex-billionaires.) Every time I think of a plunger, I think of a stopped up toilet. Plungers always seem to be immersed in unpleasant environments.

Cook's book has a major flaw. He puts Chapter 11 at the end of the book. It should be the Preface. He describes at the end of the book how he spends his money. He buys wetlands- the ecologist's word for marshes. He wants to preserve these areas for wildlife. He describes how some very wealthy people have given money away. He thinks money is to be given away. So do I. But in the early chapters, he focuses on the motivation of getting rich. The ultimate goal is not dealt with until late in the book.

Seeking wealth as a goal is about as smart as seeking happiness: a program of assured disappointment. What you need to do before you ever start out is to list the things you intend to do with the money as it comes, and what you intend to do with it when you sell the business or transfer it to your well-trained, dedicated, philosophically principled children who share your vision. (And if you build the business without training up such children, you have served the consumer faithfully and have played the fool for your efforts.)

The secret of success is self-discipline. You need to keep thinking of your ultimate goal as you precede. You need to continue to concern yourself about your ultimate goal. You need to save money for your ultimate project. If your vision of ultimate success shifts, then you must be just as careful to keep your new vision before your eyes. You must not allow the cares and crises of the pathway to success (your business) to obscure the vision of your final destination. Your intermediate destinations should lead to the final destination. Try to select a business venture that allows you to reach that goal. Your business should be a means, not an end.

Consider my case. My goal is to leave a bookcase of world-transforming books behind, either that I have personally written or have actively selected for publication. I went into publishing because I am a writer. All writers would like to rid themselves of editors who can tell them what to do, of advertisers who are not paying full attention to the writer's own book, and of short-sighted accountants who insist on selling books by the pound if they haven't moved in six months. (The inventory tax on books is one of the worst features of modern taxation.) I have achieved this goal. Very few serious writers ever do. They are at the mercy of other men's views of what books are all about — men who are not writers.

I now control my publishing destiny, not because I can ignore consumers (book buyers) but because I can deal with them directly. I write the ads, I design the covers, I write the dust jacket copy, and I price them. I select the type face, the paper, and the printing company (or delegate this task to someone I control). I am my own middleman, and because I can focus my attention on selling my books rather than dozens of authors' books, I see to it that everything is done my way. All I have to do is keep the trust of my repeat book readers.

In short, the means to my goal is also the goal itself. Publishing books is the pathway to getting my bookcase full of

books into print. And I can use profits from other areas to insure that they stay in print. If I have a book that needs a subsidy, then I use I.C. E. to publish it. Clearly, I.C. E. is also a means to my end. But it can afford to keep my books in print only because I take no salary from it. I can afford to take no salary because I am a businessman.

Have you really thought carefully about where you want to be in fifteen years? I mean literal geography? Where do you want to be? What do you want to be doing? How much money do you want to have? What service do you want to render society? Will this service be profitable financially, or must it be subsidized? What do you need to do to get it subsidized?

Sit down with a piece of paper before you go to bed. Get some answers. Now is the proper time, now is the day of visionary speculation. Put down on that piece of paper whatever it is you want to leave behind. You need dates and numbers. People just won't do this, which is why so few people ever achieve their deep-felt goals. The goals are too deep. They must be pulled to the surface by conscious effort. Once on the surface, they must be planned for. You don't need a detailed road map, but you need at least something that says: "I am here" and "destination." You also need something that says, "estimated time of arrival." Like today's airline schedules, this must remain highly flexible.

I know, this sounds hokey. It's something out of a paperback self-help book. Well, paperback diet books can show fat people how they can get thin. It begins with eating less. It begins with writing down weekly menus and playing all kinds of games: full-length mirrors every morning, warning notes on refrigerators, wedding photos on refrigerators, and so forth. Hokey. If fat people could simply stick to eating three turnips a day for six months, and then three heads of lettuce and three slices of unuttered bread a day for the rest of their lives, there would be no need for hokey diet books. But they can't.

Therefore: "I am here." "Destination." "Estimated time of arrival."

Avoiding the Pitfalls and Detours

Let me summarize my fourteen years of business experience. They all boil down to this: Aim at the fairway, keep your eye on the ball, your nose to the grindstone, and your backside covered.

Aim at the Fairway. Never forget the object of the game. Never forget why you started the business. Discuss it constantly with your wife and your employees (if any). Keep reminding yourself, because it will help you to stay with the program. It will also remind you not to cut moral corners, because any goal worth devoting your whole life to is worth achieving with a good conscience. If you can avoid cutting moral corners, you will have a far better chance of securing cooperation with suppliers and repeat customers, and with employees. This cooperation is the way you make profits. In fact, the free market is man's most ingenious social device for attaining social cooperation since the invention of the family.

Eye on the Ball. Details will kill you. You need to structure every aspect of your business. Everything must be someone's responsibility. I have never read a better book on this than Michael Gerber's *The* It is subtitled,

It is published by Ballinger Books. It is the best \$14.95 book on business I have ever seen. If I had read it fourteen years ago, and if I had set up my business in terms of it, I would be a very rich man. I would be much, much farther down the fairway.

Gerber's thesis is simple. Every business should be structured so that it could be franchised. It should be capable of being duplicated by simple people. It should be like the British Navy: a system designed by geniuses to be run

by idiots. Only, Gerber shows that you don't have to be a genius. The secret is the secret of the free market: division of labor, systems of accountability, and full personal responsibility.

It means that a work flow system must be designed, step by step, to get everything done, and each step must be one person's exclusive responsibility. He should know what he is expected to achieve, and he should be told at least the basics of how to achieve it. (No perfect written statement is possible. There is too much ambiguity and guess work in life. Imagine two men trying to swat a fly. One holds the swatter, and the other describes verbally what to do. The fly will die of old age. But basic outlines are mandatory) If your business can be franchised, you have got a rationally run business.

Statistics must be accurately reported and systematically collected. Above all, statistics on costs. These must be carefully watched. Costs can kill you faster than you can imagine. A proper accounting system is crucial. Almost every dime should be accounted for. Don't seek absolute perfection; it's unattainable anyway, and the attempt to achieve it will bankrupt you. But get close. Have someone already in the field (trade association) help you set up your accounting and reporting system, and then take it to a third party for approval. Then make sure you have a reliable bookkeeper and an accountant who understands what you're trying to do.

Buy a DayTimer or other note book and scheduling system. Buy a box to hold 3" by 5" note cards as a "tickler file."

Nose to the Grindstone. You will work long hours for a long time. A great secret of business is that it gives you the incentive to budget your time, and check points to see if you're budgeting your time wisely. Mark Haroldson's great ad, "Wake Up the Financial Genius Inside You" was subtitled, "Millionaires Don't Work a Hundred Times Harder Than You Do; They Just Know the Wealth Formula." Well, there is no wealth formula. But learning to work smart is crucial. You have to **work very hard before you learn to work smart.**

The very discipline of working twelve hours a day, six days a week will help you to appreciate your day of rest, which is mandatory. That day of rest is as important as the ten percent tithe you pay off the top. These two acts of self-discipline are what keep you from making the worst error of all: believing that you can become a success by your own efforts. Like the alcoholic addicted to booze, he must begin his recovery with the public acknowledgment that his problem is greater than he can solve alone. Tithing and taking a day off to worship someone other than yourself are secrets of success that very few business success manuals discuss.

But hard work and long hours are essential. Break the TV habit. Watch an occasional rented movie if you need your weekly fix of passive entertainment. Your TV habit is costing you a fortune as the forfeited income compounds over the years.

Keep You Backside Covered. This is very hard to do. You need to take risks. But the goal is cash on reserve. Don't be a plunger. Have capital in reserve at least by the third year of operation.

I don't think people should use debt to build a business. That's why I like service businesses: no inventory expenses and no bank loans. The problem with service businesses is that they are hard to expand beyond your own time and skills. It's very hard to locate, recruit, and retain dedicated, competent, and honest workers.

One major exception to this rule is a multi-level marketing system, which should be structured to allow you to avoid heavy inventory costs, and does allow you to recruit, train, and multiply a dedicated, highly motivated service force beneath you. When multi-level firms are run properly, they offer very good opportunities for people who have little money, few business skills, but a desire to compete, serve the consumer, and learn the basic skills of business to gain a chance at really big money after a few years.

You probably should set up a business as a part-time venture. This allows you to finance your regular needs with earned income. This enables you to pour back profits into the home business. If your present business employment situation makes the establishment of a home business impossible, then it is time to get a new job. If you are locked in by debt, then sell assets and move to a rent home if necessary, to gain the freedom of innovation you need to break free of dependence on someone else's assessment of consumers and assessment of your performance.

I do not believe that people should roll the dice by quitting their jobs unless they have enough money in reserve to live on for a year, plus start the business. Not many people have this, which is why they need a successful business in the first place. Anyone who walks out on a good job to start a business had better be walking into a business that is very close to his present business, so the time and costs of learning are reduced. It usually takes five years to master a business. If you start one without a source of income to back you up, you had better be a very fast learner or someone with four years' worth of applicable prior experience.

Conclusion

A small home business can become a very large business. If you can get by the pitfalls, a small business is the best-known after-retirement program, a long-term source of income, and the best personal training ground outside of boot camp or marriage. Cook is right: it's a lot easier to make money than keep it. The great advantage of a home business is that it disciplines you to keep money (rolling back profits), while also creating new opportunities to make it.

It is a great way to train children, too. They can work hard to build up their own inheritance. That way, they will appreciate it and know how to handle it.