

# TENTMAKERS

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## THE PURSUIT OF PROFIT

by Gary North

Several years ago, I worked as a commissioned salesman. One of the incidents that sticks in my mind concerning this period of my life has to do with the pursuit of sales. One of the other salesmen decided to go on a one-day vacation with his wife and children. He had been working long hours, as had most of us, up to 12 hours a day. We had quotas to meet, and selling for most people is never easy. His wife had complained about the long hours, so he agreed to take a day off.

The day he left, a caller specifically requested to speak to him. When told that he was out of the office, the caller asked to speak to another broker. As it turned out, he placed a substantial order. The commission was about \$1,500, and it went to the salesman who least needed it. He wrote up an order ticket, and that was that.

Understandably, this incident spurred us all to greater efforts. No one wanted to miss a sale like that one. As it turned out, nobody else got an order anywhere near as large as that one, but that didn't make any difference. We all had a sense of foreboding about taking a day off. Who could afford a \$1,500 day off?

Yet in retrospect, his wife was probably correct. She wanted him to spend more time with the family. It was unfortunate that he happened to select that particular day to spend away from the office, but he did the proper thing. Still, it cost him dearly. There is always a price on our actions. There are no free lunches, and no free days off. We have to make judgments and calculations when we act. There is always the possibility that our decision will be far more expensive than we could ever have calculated in advance.

### The Lure of Profit

Someone who has never sold goods on commission can hardly understand the ways in which the lure of profit can motivate a salesman. The seller makes his calls, hoping that the next sale will be sufficient to compensate him for his efforts. The next call may lead to a big sale. Yet apart from a tiny handful of gifted sellers, most salesmen know that the rejections will outnumber the completed sales. That recurring rejection percentage makes itself felt: 70% of the calls, or 80%, or whatever is standard in the particular field. Of course, if you don't make the calls, the results are sure: zero commissions. So out goes the salesman, or out go the phone calls, or out go the brochures.

But what about "the big one"? Everyone is looking for that big hit, that fat commission, that memorable order. It's the \$1,500 lost commission that sticks in the mind, not the daily commissions of \$100 or \$150, which added up account for far more in a

career. Men are almost hypnotized by the thought of the singular commission. It is that lure which often keeps them going.

The skilled salesman knows better. It is not the big score that counts; it is the successful little sales, day in and day out, that add up over a lifetime. It is the steady application of time, effort, and capital that produces the long-term results. The lure of the big score is all right, since without the efforts in advance, the one big sale is unlikely to appear. But it is the continuing efforts that produce limited but steady results that are crucial to any business, calling, or craft. The big score serves as a lure, as icing on the cake, but it is the cake which is crucial, not the icing.

The one big score is like a gold medal in an athletic event. Every competitor likes to dream about winning it. But business is not a game. It is not an "all or nothing" operation. Business permits the steady accumulation of those fifth-place awards, or eighth-place finishes. Just so long as the income generated to the firm by the salesman exceeds the costs of keeping him in the field, and just so long as no other competitor offers so much to the firm that it cannot afford to employ the slower man, he can continue to stay in the field. There are never that many superstars in any field, so the rule of "steady wins the race" is usually correct — not necessarily the big score, but the race of continued income and employment.

Nevertheless, there is no doubt that the lure of the big sale motivates a man. Like a professional fisherman who can live nicely on reeling in (or netting in) tons of smaller fish, but who secretly dreams of reeling in a record-setting marlin, so the salesman looks to the memorable commission. It is something to be proud of, something to look back on and know that he accomplished something extraordinary, something to be talked about for years to come, something to put in the scrapbook.

Society reaps the reward. Buyers and potential buyers see the salesmen coming to them constantly, offering them an endless series of opportunities for them to consider. The lure of the big sale keeps them in the office late at night, or on Saturdays. The lure of that classic commission guarantees to the consumer that he will be served energetically by thousands of potential sellers. None of these sellers can be certain just which phone call will produce that huge commission. It could be the very next call. So everyone, big and little, buyer or postponer, gets an opportunity to listen to hundreds or perhaps thousands of opportunities being made available to him that would otherwise never have been offered. The lure of profit is the bait which the consuming public dangles in front of every salesman, even though only a few big scores are possible in most salesmen's careers. It is hope

that brings these men to our doorsteps. Not merely the hope of a conventional return for an honest day's calls, but hope for something extra, something unique.

### Abolishing the Lure

"Excess profits" is a phrase that can be counted on by politicians, economists, and other public nuisances to raise the hackles of the public. "No one should make that kind of money," the envious man says. "Nobody needs that kind of money," he thinks to himself. Quite true; probably no income-earner needs that kind of income. But that is hardly the point. It is the public that needs the effects of such income. The buying public needs the economic structure which permits the rich to get rich, whether by the big score, or by numerous little scores. Without the lure of such income, the public is left without its bait. Businessmen fall back into lethargy. Why chase after shadows? Why try to accumulate wealth? Why bother? Why not take that extra day off, or maybe two? Without the big score, or the hope of that high-income corporate position, the little sales will get a person by. Why not take it easy? If the big score goes to the tax collector, why pursue it?

Men are sinners. They very often are unwilling to devote the maximum effort to serve their fellow man. What they need is a lure. They need an economic system that encourages continuing effort on the part of producers. What the lure of profit accomplishes is the penalizing of sloth. By offering the possibility of substantial profits to producers, capitalism places a **high** cost on not producing—what the economists call "opportunity cost." Take that day off, and you may miss that fat commission. Chaw the fat with the boys, and you may chew the fat in the hamburger, instead of a nice, lean steak. Capitalism places an economic penalty on lethargy, so that men are warned daily against a philosophy of life which would permit second-best efforts throughout one's career. Capitalism sides with the Bible when the latter announces:

How long wilt thou sleep, O sluggard? when wilt thou arise out of thy sleep? Yet a little sleep, a little slumber, a little folding of the hands to sleep: So shall thy poverty come as one that travaileth, and thy want as an armed man (Proverbs 6:9-11; repeated in Proverbs 24:33-34).

Adam Smith, in his classic book, *The Wealth of Nations* (1776), made the following observation on the necessity of gaining the co-operation of our fellow man. We cannot "go it alone." What is the best way to gain the assistance that we need? Wrote Smith:

But man has almost constant occasion for the help of his brethren, and it is vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another man a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the

brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages (Modern Library edition, p. 14).

### Rechanneling Evil

Men can distort and misuse even the most productive of gifts. The constant quest for more and more income is obviously self-defeating. It is like the farmer who told his friends, "I'm not greedy. All I want is to get control of the land contiguous to mine." There is no way a man can achieve everything he might accomplish if he were immortal. There are limits placed on him. He must recognize these limits and live in terms of them. This is one reason why God commands that each man rest one day in seven. It reminds us that we are limited creatures, and that God says He will take care of our basic needs despite the fact that we give Him His tithe, including His tithe of our time.

Some men deify profits. They act as though the mere amassing of wealth were a valid end in life. They are not content with using the profit-and-loss sheet as a partial success indicator of their service to the buying public. They act as though they were trying to become God: serving all men perfectly through unlimited profits. They cannot forget for a moment the threat of that missed \$1,600 commission, as if the hundreds of other sales were not sufficient unto their needs. They forget the words of the Apostle: "For we brought nothing unto this world, and it is certain we can carry nothing out. And having food and raiment let us be therewith content." Of course, we are entitled to be content with more, if we have more. If we can put more to good use, then we should be content with more, including the added responsibility that greater wealth brings with it. We must heed Paul's words: "But they that will be rich fall into temptation, and a snare, and into many foolish and hurtful lusts, which drown men in destruction and perdition." The next words are famous: "For the love of money is the root of all evil; . . ." (1 Timothy 6:7-10a). He means, of course, the love of all things that men expect money to be able to buy for them.

Nevertheless, the misuse of the profit motive can still be made to serve men, if the economic institutions of a society allow open entry to the market and price competition. Though evil men pursue demonic lusts, these profit-seeking quests can be converted into socially productive results. To abolish profits, to ban "excess profits," in the name of social justice, is merely to alter the results of money-seeking, lust-filled producers. They will then seek their goals through less productive activities: influence-peddling, political action, joining the bureaucracy, or whatever. The answer to personal sin is regeneration; the answer to socially evil results of money-seeking sinners is to permit them to make whatever profit they can, assuming the produced object is not innately immoral. At least we, as potential consumers, keep the bait before them, thereby benefiting personally from their twisted pursuit of profit as the only human goal worth pursuing. The profit system channels these evil pursuits of evil men into socially beneficial ends. Take away the lure of profit on a competitive market, and all you have left is the evil.

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