

The Profit Motive

People start a business for many reasons. They may want to be their own boss, join their friends or family members in business venture, or they may have a specific idea on how the business should be run. Whatever their reasons for starting a business, one of the most common reasons why people want to have their own business is *to make a lot of money*. Money seems to be the primary motivation for owning a business.

When profit becomes the primary motive for operating a business, the long term viability of the business is at risk. The quality of the services and products become secondary to squeezing out a few more percentage points of profit. Clients and customers are viewed as interchangeable cash machines. Employee satisfaction and loyalty take a back seat to the bottom line. In the end, the business becomes a commodity. People will buy when the price is low and they will leave when the price is high. This is not to say that profit is not important to a business, but what it is saying is that it should not be the primary intent for owning your own business.

The truly successful businesses focus on a specific intention unique to them. As a result, they become profitable. This applies to large companies and small. Nordstrom became successful providing quality service at a reasonable price. Their customers followed them thru thick and thin, even when there were cheaper places to buy. Microsoft focused on putting its software into every PC and it grew into one of the world's most successful companies. Apple reinvented itself to provide an integrated experience with its electronic products, such as the iPhone, iMac, and iPod. Google revolutionized the Internet search business. All these companies became successful focusing on what they did best. Their profits were the consequences of their intention and focus.

In the most recent economic slump, many companies that had focused primarily on the profit motive have been forced to close their doors. Some

of them quite suddenly. The profit motive was the primary force driving companies and the stock market for the past few decades. Companies were rewarded with higher share prices for meeting or exceeding expectations every quarter of every year. Executives were also compensated accordingly so they took greater risks and squeezed more profit out of the company, its employees and its customers. In the end, it was unsustainable because nothing can continue to expand indefinitely. The profit motive had nothing to do with products and services, and it had everything to do with making money. The public can sense when a company is only interested in making money off of its customers. They buy when the price is low and leave when the price is high.

What is the true intention from which you started your business? What are your true intentions for running the business? What can you do to continue to grow your business in difficult economic times?

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