



The Wonder Springs Chronicle

21 September 2011; Volume 13, Number 39

The Wonder Springs Chronicle

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The Jobs Conundrum and Startups

For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, 'This man began to build and was not able to finish.'

— Jesus, Luke 14:28-30, *ESV*

Why would anyone currently want to begin a startup enterprise that will create new jobs in the United States of America?

The president would say, "If Congress would pass the Jobs Act now!" that would be a reason.

Congressional Republicans would say, "If we would just cut taxes to give small businesses incentives to hire people!" that would be a reason.

Again, why would anyone currently want to begin a startup enterprise that will create new jobs in the United States of America?

Then there is the Federal Reserve and the Treasury that seem to believe as long the "world financial markets" have access to various faux-fiat-money instruments and that interest rates remain near zero for the indefinite

future, the trader's computer programs, will bring prosperity to those, dare we say Ponzi" schemes, and that will allow their at least monthly potential manipulations thereof, to trickle down to the folks and the entrepreneurs in a positive way.

For example, on Monday, Obama announced another progressive income tax adjustment of \$1.5 trillion, to make sure any chance of Voodoo economics' trickle down will be processed through the ever expanding, cancerous, bureaucratic, Federal dinosaur. Later today it is expected the FED Chairman Bernanke will offer, "Let's twist again, like we did a half century ago."

All this means that traditional historic banking, as practiced for centuries, no longer has a means to service their traditional customers;



but that is just one of a number of intended consequence of readjusting Babylon to the wishes of the Babylonian elite.

Furthermore all these people give the appearance they are truly serious! I can think of no better reason to justify the earlier startup question. None of them has any concept of what it takes to be a successful entrepreneur in the United States of America, and I might add it is not something all that familiar to leaders in other nation states either.

How about this incentive: If you stand on your head for an hour, then fill out a 500 page online form disclosing all trade secrets; how you are out to swindle everyone you come in contact with; split to a non-extradition country; then we will send you a special bottle of magic fairy dust — so that the government will give you an registered opportunity to succeed.

Well, with Tinker Bell's help, Never Never Land seems like the place to be; but that still doesn't answer the jobs startup question.

But maybe, just maybe it seems that the President and Congress have been living on their childish estates there for at least a generation. "Run for Federal office and you can quickly immigrate to Neverland, where you can instantly retire and never grow up!"

So from bases in the land of make believe, we will have self righteous and childish political warfare for the foreseeable future. This will constrain the reality of our present jobs conundrum so that is absolutely no reason in the present economic environment that someone of sound mind and stature would want to begin to build a lasting tower of economic strength and wealth creation, when there is no foundational or structural components that have any durability beyond November 2012; and then in January 2013 what little there is — all disappears!

Grow up, boys and girls! Let's move beyond all the childishness and the spoiled brat toys games, from the top on down!

Back to the jobs creation conundrum and the need for startup firms. One man or woman, with access to capital, can build a highly prosperous

company and in the process become quite wealthy. However as long as he treats the people that work for him, or her, as employees, they will continually react like employees. Some will work hard and do the best they can for the company, but when it comes right down to it, their personal welfare will come at the expense of the company.

True continually growing wealth creating organizations however require a team mindset, That means the head honcho will have to fill any holes in the team, especially initially, as both coach and quarterback, or point guard. In other words the entrepreneur must continually develop the game plan and make sure it is executed. The quicker a professional team can be developed and function, the quicker the company can move from a startup organization into a self-sustaining rapidly growing enterprise.

Teams win and lose as teams, not individuals. As such winning means sharing the wealth, the prize. Losing means working not only harder, but smarter. The quicker the coach understands that enterprise teamwork is really a synergistic, or perhaps better term, symbiosis opportunity, the quicker the transformation can occur.

Team members in a startup company basically come has two special teams, investors and management. The investor team plays for what we call the agricultural return on their investments, 10, 20, 60, 100, 1,000, 10,000 fold. Management gets a monetary stipend plus some agricultural return incentives as well.

The investor team is made up of busy people, virtually all with broad investment and management experience. However if they only are willing to bring the money to the organization, the coach will be better off without them. This brings us to the most important asset of all players on both special teams, if you indeed are going to create lasting and prosperous enterprise — that asset is integrity.

A person with integrity is basically the pig in a ham and egg breakfast. The person with integrity is committed, the chickens really just want to be involved. Startup organizations have no room for chickens. Don't bring them in, and if you find out they have evolved into chickens, give them the opportunity to become free range birds, but if possible help them find a real job, because especially roosters can make a lot of noise,

even if they really don't do a whole lot related to the productivity of the chicken coop.

Back in the late 1970s the University of Washington did a lot of research looking at building interdisciplinary research teams. That was back before the days of the personal computer, so in order to create some tangible piece of hardware you needed to put together a diverse group of specialists and provide mechanisms so that these highly trained professionals, would develop into a productive product developmental team.

The major findings of the research was that it took between three to five years, depending on the players and the management to develop a successful team. With the right players and management, if everything fell into place, it might be accomplished in two years, but that was very unusual. They also found out that after five years, if the group was still not a team, it was best to disband the unit and start over with fresh personnel.

Fresh out of graduate school, I was a member of such a small group, of a Boeing diversification joint venture, working on developing the world's most efficient waste sludge drying process. The reason for sludge, was at the early stages of development, the biodegradability of the solvent triethylamine (TEA) was unknown. The biodegradability turned out to not be an issue. Essentially in the process TEA replaced the water, because it was miscible with water below 19 degree C, and above that, separated into a water layer on the bottom and a TEA layer on the top. The TEA was recycled, a side stream removed the grease and oils, and it worked great.

The major problem was selling the first unit, which never happened, essentially because the wrong question was asked of the outside marketing research firm, before the program really began. Instead of where is the biggest market segment for this technology (waste sludges), the focus shifted in situ to where can we sell the first unit. (Almost anywhere else.) I was the process researcher, lab guy, environmental guru on the project, along with a manager, a couple of marketing people, another lab person, a couple of chemical engineers, and a few pilot plant operating technicians.

Just like the University of Washington research, by the time we reached 5 years we were a pretty well functioning team, except for the problem from upper management had shifted from where can we sell the most units to where can we sell the first one. That first, rather than the most, was a decision that could not be rapidly changed in time over 3 years down the wrong path. The patents have now expired on the process, and with today's energy prices, if someone would like to take advantage of several million dollars of very sophisticated research, it would not be all that difficult to be up and operating.

After the program, I spent about 6 months as the environmental engineer at the Boeing Renton facility, where at the time they built the 727, 737 and the infamous Boeing hydrofoil. From there I was a project manager in charge of constructing the hazardous waste disposal site at Arlington, Oregon; as well as spending a few months at a large international consulting engineering firm, just when Ronald Reagan became president, and basically shifted, to be blunt, federal discretionary spending to the military industrial complex. I went from being a highly sought after dude, to basically unemployable in the midst of the last great recession in the 1980s.

Since I always wanted to start and run my own company, I looked at this as an opportunity. Over the next few years I tried a number of things, with limited resources, I was able to get by, doing some various types of consulting, and these last few paragraphs led me to understand one of the problems with small business and entrepreneurs. That was they tended to hire people that they felt comfortable working around.

Hence marketing and sales people tended to hire other marketing and sales people; if they really had something to sell it would have been great, but they really didn't have the technical skills to choose good products. Engineers hired other engineers, so they were still attempting to develop the world's best bait, while they should have been fishing years before. The same is true with basically all specialist fields.

This led me to purchase a small professional employment agency. There I had the opportunity to develop a means to test people's aptitudes, skills, experience, and gifts to find people that would not play to the entrepreneurs strengths, but rather provide

complementary skills, while still providing enough of a similar worldview that true conflicts could be managed and an interdisciplinary management team could be developed, compressing the time requirement found in the University of Washington research.

Buy then, I had the opportunity to go gold mining, and during the Seattle dot-com boom, not being able to secure the seed capital funding necessary to get a real physical resources company up and operating, I was forced to get a real job in construction.

About this time of year in 2009, after being contacted by some previous would be clients of my gold mining adventure, I reformed to redux PREFER Ltd. So what would it take for me to seriously begin work this startup enterprise in the United States of America?

The answer is not the money alone, but rather a certain amount of money combined with the right mix of people, to form the two special teams required to make an enterprise truly able to function in a universe outside the debt-supercycle endgame. Outside the leveraged debt, bank credit, boom and bust cycle, the opportunity exists to really not care what happens in the other Washington, New York, London, Brussels and Beijing, or Madrid, Athens, Dublin, Rome, and Lisbon.

For three reasons, this week we have to come to the end of my personal discussion on the art of building a new jobs tower of essentially living stones. First, some of that information is proprietary. Second, and more importantly in order to build an organization built primarily on the complexity of individual humans, you must at least have that nucleus assembled to begin. And third, we have simply run out of space, and there are a few time sensitive items that need to be addressed.

On Monday evening I watched the documentary *Inside Job*, which won the Academy Award for best documentary in 2010. The film reports to lay out the reality behind the financial collapse of 2008 and generally speaking it does a pretty decent job of sequencing the events, which began a generation ago. If you haven't seen it I recommend that you do so. However the nature of the production is that

2008 is over and we have done nothing to keep it from happening again.

This is sort of like Al Gore's crusade for changing global warming. So you expect to change deprived human nature through civilized means and complex applications of market principles, that created the mess to begin with. Fat chance of that happening without some very stupendous restructuring — as we mentioned previously a new Great-Great Depression. Which would by the way take care of Mr. Gore's concerns as well.

This brings us back to the Jesus' quotation about towers at the beginning of the article. Inside Job says that perhaps 40 percent of America's corporate profits are linked to our financial markets. Couple that with the still believed goal of keeping the consumer sector at 70 percent of GDP. What happens to the USA when the unintended consequences of both consumption and investments are unable to cope with the stupendous change of having to deal with reality within a world of natural limits? Remember the GDP monetary formula, where seriously declining Consumption and Investments now pose limits to Government as well as Imports and Exports.

There is another tower from history we don't like to talk about, for it is a myth, or so we think. It was made out of human-type mud bricks, not living stones, and they were glued together with essentially thick crude oil bitumen. Broadening that scope to beyond the American perspective, the European Union's parliament building in Brussels is modeled after artists' renditions of that Babylonian Tower.

So to paraphrase:

For which of you, desiring to build a global financial tower, does not first sit down and count the cost, whether he has enough money to complete it? Otherwise, when he has laid a faux-fiat money global foundation and is not able to finish, all who see it begin to mock him, saying, 'This man began to build and was not able to finish.'

Does this bring us to the Revelation 18 passage in which at the end of time Babylon the Great, meets its demise?

Notice from the context, that this Babylonian demise, and the millstone allegory and metaphor

(verse 21), are basically caused by the Babylonians themselves. True Babylonians and their supporters know this could never happen, for there is no God and the Bible is just of book of myths and fairy tales, not all that different than, you know, Peter Pan, Tinker Bell, fairy dust, and Captain Hook; who is attempting to force the childish boys to grow up.