Let's Schmooze

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Finding Good Companies

Today it's easy to castigate corporations as "evil," but the truth is, we're stuck with corporations. Why? Because corporations ~ or companies as they are loosely characterized ~ presently are humanity's most preferred vehicles of economic expression.

So, instead of continuing the fond habit of pillorying these companies, we may as well set about finding the good ones, so that we can make good investments. For that, of course, we need to come up with some sort of appropriate measuring sticks to separate the proverbial sheep from the proverbial goats.

These measuring sticks, or metrics, should reveal what we wish to know about the companies. And what we wish to know, is in turn, driven by our pressing needs in the current social-cultural-economic milieu. Also, we wish our metrics to be quickly and simply calculated, easy to understand, and applicable in a standardized format to any company under our examination.

Given the urgent problems of the day, what is it that we wish to know about companies into which we might invest our capital, our working time, and our product purchases?

★   We would want to know to what degree our investment in the company would augment our invested capital ~ profits on sales.
★   We would want to know how good the company is at providing employment to our fellow human beings ~ payrolls.
★   We would want to know how effective the company is at producing products useful to our society ~ merchandisable items.

★   We would want to know how much energy the company uses, and how much of that energy is clean, and how much of the energy is dirty ~ renewables versus non-renewables.

★   We would want to know to what degree the company produces waste products harmful to our environment ~ toxic discharge.

★   We would want to know to what degree the company is innovating and moving human society forward in technological developments ~ research & development.

★   And, we would want to know to what degree the company is investing back into the communities and populations from which it derives its sales and profits ~ philanthropy.

All these questions are directly driven by humanity's pressing needs at the moment. The companies in which we chose to place an investment would be expected to shine on most, or all, of our metrics, or measuring sticks.

Again, we desire the metrics to be quickly and simply calculated, easy to understand, and applicable in a standardized format to any company under our examination. Let's examine some possibilities.

Augmentation of capital. For this metric, we will probably want to compare net profits against shareholder equity. That would directly measure how good the company will be at augmenting, or increasing, our investment capital.

Job production. For this metric, we will probably want to compare the payroll against the total assets under the company's control. We might also want to analyze executive compensation, and look at high, low and average salaries, and total number of job positions.

Useful products. That simple metric can be easily obtained by comparing sales against the total assets under the company's control. This approach would automatically eliminate the inclusion of any products that are deemed not useful by society. Obviously, those products would be piling up in the company's warehouses.

Energy consumption. For this metric, we probably want to utilize a twofold approach, both approaches benched against total assets under the company's control. The first would be expenditures for renewable energies. This metric would be viewed favorably. The second would be expenditures for non-renewable energies, and of course, this metric would not be viewed favorably. From these metrics, we can arrive at an understanding of the company's stance toward the utilization of renewable energy sources.

Waste. Comparison of waste production against total assets under the company's control would give us the metric we need to understand the degree to which the company is generating waste products harmful to our environment. Putting a dollar figure on that waste production probably would be best achieved by estimating the cost of eliminating the waste's negative impact upon our environment.

Innovation. Comparing the budget for research and development to the total assets under the company's control will yield the metric we need to appreciate the degree to which the company is helping improve humanity's good fortune on this planet of ours. Technology has greatly enhanced and enriched our lives, and the companies deserving of our investment monies need to be continuing that trend.

Philanthropy. Comparing charitable donations to either sales, profits or cash flows will yield the metric we need to appreciate the degree to which the company contributes back to the communities from which it draws its sales and profits.

So there we have it ~ simple and easy to understand metrics that will help us sort out the desirable companies from the companies unworthy of our attention. By running these metrics on any operating company, and then appropriately comparing companies to each other on these metrics, we will guide ourselves to the "good" companies that are out there waiting for our further analysis and investment dollars.

Any company that is (1) good at augmenting capital, (2) good at providing meaningful employment to job seekers, (3) good at producing products useful to society, (4) good at maximizing the use of renewable energies and minimizing the use of non-renewable energies, (5) good at minimizing the impact of waste products on our environment, (6) good at pushing technology forward, and (7) good at saying a meaningful thank-you to the

communities and populations that it operates in ~ is more than deserving of our hard-earned investment capital.

These are the companies which will positively shape humanity's tomorrow, and help humanity become a blessing to the planet, instead of a curse. These companies deserve all the support that we can give them.

~ *'til we meet again* ~