

Houston Objectivism Society Newsletter

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Next HOS Meeting: 1998 Planning Meeting

The January 1998 HOS meeting will consist of the annual planning meeting.

Members are encouraged to present their ideas for presentations for the 1998 HOS agenda. The HOS Web site contains past meeting presentations, as well as ideas which were suggested but not actually presented.

The meeting will be held on January 10 at 6:30 p.m. at the Clubroom of The Meridian apartment complex, 6263 Westheimer (between Hillcroft and Fountainview), across from Payless Shoes. The Clubroom is located upstairs facing Westheimer.

NOTE: Attending members are asked to contribute \$2 to help pay for the expenses of renting this clubroom. We have not been recovering rental costs, and would like to encourage those who have not been contributing to do so. Those attending are asked to bring snack items.

An Interview with Brian Phillips

Brian Phillips is President of Phillips Exterior Services Inc., a member of the HOS Executive Committee, and Editor of this newsletter.

Q. What type of company do you run?

A. It's primarily a painting company-- we specialize in residential repaints. We also do carpentry, sheetrock repairs, and some related services.

Q. How has Objectivism helped you in running your business?

A. There have been a lot of ways Objectivism has helped, some of them more obvious than others. An obvious way would be that I understand that profits are moral and that I should be proud of my accomplishments. I'm not burdened like a lot of businessmen with the idea that I must apologize for making money.

The more subtle influences are perhaps more important. For instance, I recently had a situation in which an employee claimed that the workers-- he actually used that word-- were the real source of the company's success. He went on to claim that I was essentially a parasite who was exploiting the workers. Without Objectivism, I

might have given his comment serious consideration, and who knows what harm might have resulted.

Ironically, this conflict wouldn't have occurred had it not been for Objectivism. For some time, this employee had made derogatory comments about my "book smarts". He believed that experience is the only source of knowledge. I addressed this by explaining that mental work is far more difficult than physical work, and he took exception. I wouldn't be surprised if he doesn't even know who Karl Marx is, but he certainly has accepted Marx's ideas.

Q. Do you use philosophy explicitly in your business?

A. Certainly I use it, but the form in which I express it depends upon the context. For example, I developed a 14-statement

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summary-- which I call the Double Service Guarantee-- of my business philosophy which stresses character issues like honesty and integrity. I've found that our customers-- who tend to be professionals-- respond well to it. With my employees, I find it's difficult to be explicit, though I am constantly stressing character issues and how they impact our long-term success.

Objectivism has been very beneficial in this regard. There have been times where it would have been "easy" to be dishonest or try to cheat a customer. But I understand that the most serious damage of such actions would be to myself and my business. I've had many customers commend me for being honest with them, and while that's certainly not my primary motivation, I know that it will benefit my business in the long-term.

NEWSLETTER STAFF

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The Houston Objectivism Society supports Objectivism and the Ayn Rand Institute; however, we do not purport to represent or speak for the same. HOS membership dues are \$15 per year (single); \$25 (couple). \$5 (student). The Newsletter address is: P.O. Box 112, Bellaire TX 77402. E-mail: wsross@ix.netcom.com (Warren Ross), or HughAxton@aol.com (Brian Phillips).

Often, the influence of Objectivism is purely implicit, such as dealing with problems on a job. I'll get a call telling me about a problem, often accompanied with lots of guesses and assumptions. My first response is to determine what is fact and what is a guess. I'm able to solve a lot of problems over the phone simply by doing this.

I also use the principle of cross-field integration quite frequently. I read a roofing magazine each month, not because I'm interested in roofing, but because roofing contractors face many of the same issues that I face.

Q. The construction trades are infamous for con artists and fly-by-night companies. How do you overcome this perception in the eyes of consumers?

A. It is certainly a difficult issue to deal with, and one can't do it overnight. I've found that consumer education is incredibly effective. Also, being honest with customers, such as telling them when I think they are wasting money, does a lot towards developing trust.

Looking at the long-term, I know that developing a stellar reputation in an industry renowned for con-artists will be effective. I often give up short-term profits because I know that the long-term benefits will be much greater. Too many people in this industry don't look at the long-term and wind up doing themselves, their customers, and the industry a disservice.

Q. It sounds like you have quite a few challenges.

A. Yes, but I don't think my industry is really that unusual. Running a business in general is difficult-- far more difficult than I ever imagined. Sometimes I wish that everyone were required to try it for a year. Of course, I wouldn't actually advocate such a policy, but I think it would certainly change a lot of attitudes in our culture.

I've had to fill a lot of roles over the past several years-- accountant, estimator, purchasing agent, salesman, marketing director, etc.-- and often at the same time. I've gone through long periods of working 70 hours a week. I try to avoid doing that very often, but running a business can be extremely demanding, physically, emotionally, and in terms of time. It can be very unrewarding at times, and as a result, difficult to remain motivated. But with all of the difficulties and frustrations, I can't imagine many things being as exciting as running a business.

Even before I started my business I appreciated the accomplishments of men like Bill Gates. But running a business has increased my appreciation of him and men like him considerably.

Q. How did you get started in this business?

A. I was trying to make a living as a free-lance writer, and was looking for a part-time job. I helped an acquaintance do some pressure washing one day, and realized that this offered an opportunity for part-time employment. I spent \$20 on some fliers and handed them out door-to-door. I worked the business very sporadically for about 3 years,

motivated largely by how many articles I was selling (or not selling) at the time.

In late 1990 I decided to work the business full-time. By then I was basically a handy-man service. But as the business started growing, it evolved into a painting company-- it was easier to find a competent painter than a competent handy-man.

I started accumulating equipment with my profits, but when I started hiring employees, profitability virtually ceased and I couldn't continue funding the growth, so I sought outside investors.

Q. How did you address the profitability issue?

A. First I identified the primary source of the problem-- labor costs were too high. I noticed that when I spent more time on the job, it was more efficient and profitable. But the company was getting too big for me to spend much time on the job. I then essentially turned my employees into subcontractors-- paying them a set percentage of each job. That gave them a financial incentive to perform the work efficiently and well.

The subs work almost exclusively for me. We have a contract, which states the types of paint and caulk they are to use, the procedures they must follow, their behavior while on jobs, etc. In other words, I dictate what they are to do while working for me.

This allowed me to delegate many responsibilities, and at the same time, provide financial reward (or penalty) for those who

were controlling the productivity. Yet I am able to control the quality of the work. I basically became their marketing agent and the company was instantly profitable.

The subs like it because they make better money. I like it because I don't have as many responsibilities. In addition, the subs must correct any problems with no additional pay, so they have an incentive to do the work correctly the first time. And they know I'll send them back to correct problems-- I once made one sub repaint an entire house for free because he had used the wrong paint.

Q. Every business wants to grow, but it seems like a difficult process to control. How do you control your growth?

A. Our growth has averaged about 16% since 1991. In the beginning, I did a moderate amount of advertising, such as door-to-

door fliers, coupon books, and keeping in contact with customers with fliers and other direct mail. While I wasn't aiming for explicit growth goals, I was keeping the company to a size I could manage. Of course, the responsibilities kept increasing as the company grew.

Switching to subcontractors allowed me more time to focus on what we do well and how to market and price that service, as well as how we provide that service. Consequently, I set a much higher goal for growth in 1997. I increased our advertising budget significantly, increased the size of our ads in the yellow pages, had a booth at two home shows, started a newsletter, etc.

I've been analyzing our marketing to determine where I get the biggest bang for my buck. When this analysis is complete, I'll be able to determine how much money to spend on each aspect of our marketing to achieve certain growth goals.

Q. Do you have a Rearden Metal? What do you do that distinguishes you from your competitors?

A. That's perhaps where Objectivism has been most helpful in running my business. It's a very competitive business, and I often have to compete with "station-wagon warriors", that is, guys who are willing to beat any price, and then will cut corners to squeeze a few dollars of profit out of the job. Actually, I don't even try to compete with such painters. I sell value, and if a customer wants the lowest price, I'm probably not his guy.

Intellectual Activism

Dictionary definitions of selfishness are a modern symptom of Immanuel Kant's two-centuries-old corruption of ethics. Where is the word for the self-focused person who seeks no sacrificial victims and refuses to become one himself? Selfishness is a profound virtue and the only antidote to the current worldwide worship of sacrifice.

Chris Land
Houston *Chronicle*
November 21, 1997

More explicitly, what I do is look out for my customer's self-interest. I explain to them what we will do and why. I discourage them from wasting money-- I often suggest a \$200 cleaning rather than a \$2,000 paint job. On the other hand, I'll encourage them to paint if they really need that work done.

A company's reputation is built on its ability to serve the self-interest of its customers. Of course, this doesn't have to conflict with the self-interest of the business. So many of my competitors view the customer as an enemy, and try to milk every dollar they can out of a job. I don't think that serves the interests of the painter or the customer.

Intellectual Activism

The visit of China's chief executive to this country should be countered by a re-evaluation of the most favored nation trading status we've granted China. Their human rights record hasn't improved, and dissidents are still imprisoned. We have nothing to gain by trading with a one-party junta that gives nothing in return but the products of forced labor and their lame promises to improve labor conditions. Such promises can't be policed by anyone, and gains from trade go either to China's nonelected bosses or to the most cut-rate operators over here.

Pete Jamison
Houston Chronicle

Since we are a service company, it's virtually impossible to distinguish ourselves in terms of the products we use. Those products are available to every painter in the city. So I try to offer a level of service which other companies don't, or can't offer. In some ways, I'm offering a very simple concept-- honest, dependable, professional service. But it can be a difficult concept to implement sometimes.

Q. What do you see as the future for your company?

A. In terms of revenues, I'd like to do \$1 million in the year 2003. In our industry, that would make us huge.

It's an interesting industry. It's very fragmented. There are few government restrictions barring entry. Virtually anyone can call himself a painter. And it's filled with opportunities. The largest painting company in the country did about \$35 million last year, so you can see that market share is really spread thin.

I certainly don't want to get that large, but I think quite a bit more growth is possible and desirable. As long as I can find decent people who can meet the standards I've set, I don't see a problem doing this.

Q. Do you have a problem finding decent people?

A. It's difficult, but it's getting somewhat easier. For one thing, I know what to look for in terms of skills. But it's probably the biggest problem I face. Finding competent painters isn't so much the problem,

it's finding painters who can accept my business philosophy. As I mentioned earlier, so many painters look at the short-term, so they can't understand the long-term benefits of some of my policies and decisions.

Most of my personnel complaints have nothing to do with painting. It's things like keeping appointments, planning ahead, just being responsible, that are the source of most of the problems. That short-term thinking makes it difficult for many painters to think that these issues are important.

Many of the guys who work for me now have been with me long enough to see that my ideas are working. I generally keep them busy, even when other painters have no work. They see that customers call us back, time and again, to do more work. The empirical evidence is difficult for them to ignore.

For many years, the business was totally dependent on me-- partially because I had fallen into the trap of believing that if I wanted it done right I had to do it, and partially because of inexperience.

As I've learned more about the industry, and business in general, I've developed procedures and policies which allow me to provide the same level of service without me personally being present all of the time. Again, sometimes it's difficult to convince others that my standards work.

Q. So how do you convince them?

A. In a certain sense, I've quit trying. I'm the boss, and if someone doesn't want to do things my way, then they won't work for

me.

But I think they'd be more effective-- in terms of their attitude and customer service-- if they understand and agree with my approach. Like I said, the empirical evidence is hard to ignore. I also set a good example.

Q. How were you introduced to Objectivism?

A. An album by the Canadian rock group Rush was dedicated to "the genius of Ayn Rand". It was released during my senior year in high school and really helped get me through a difficult year or two. My favorite song from the album, "Something for Nothing," said that you don't get anything without working for it and that you make your own destiny. That really struck a cord with me (no pun intended). While I was a big fan of the band, I didn't understand the significance of the lyrics until many years later.

A few years later I was in a book store and saw some of Ayn Rand's fiction. I bought *Anthem*, *The Fountainhead*, and *We the Living*, motivated solely by the dedication in the Rush album. I read all three over the next few years, and though touched by them, particularly *The Fountainhead*, didn't realize that there was more to Rand.

A few more years passed, and after serving on a jury which sent a man to prison for attempted murder, I was motivated to answer questions about the morality of what I had done. I went to a book store, sought out the religion section (where else do you find answers to moral questions?), and

fortunately, the philosophy section was next to it. Rand's non-fiction was prominently displayed, and remembering how *The Fountainhead* had moved me, I bought everything they had. Within a few months I had devoured all of her non-fiction I could find. Unfortunately, at the time I didn't know anybody who had ever even heard of Ayn Rand, so I went through a period of very mixed emotions-- incredible exhilaration over what I had discovered and incredible loneliness that I had nobody to share it with.

Q. That has obviously changed. What happened?

A. After I started reading Rand, I was full of fire and wanted to act on it. For the first time in my life I had some convictions and I wanted to express them. My Congressman at the time-- Ron Paul-- was characterized as a Libertarian, and since I liked many of his ideas, I decided to look into the party. Their headquarters were in Houston at the time, and after visiting them and being told that they were the "party of Ayn Rand", I quickly became involved. I had only been reading Rand about 4 months at the time, and these were the first people I'd met who'd even heard of her, let alone "agree" with her.

I quickly found out how far their agreement went. At one meeting I heard Objectivists called "Rand-heads" who thought that every waking moment should be spent working. I knew that Rand didn't advocate this, but attributed this hostility to confusion. At the same meeting I heard the party's

presidential candidate call for the U.S. to unilaterally disarm. That was the beginning of the end for me in Libertarianism. Fortunately, by this time my brother had started reading Rand and I had someone to share it with. Today he leads the Objectivism group in Lancaster, PA.

Wanting to meet others interested in Ayn Rand, I put an ad in the *Houston Post* with the intention of starting a discussion group. Ironically, a Libertarian called me and gave me the number of a local woman who was hosting Dr. Peikoff's lecture tapes. That began my first contact with "real" Objectivists.

Q. Obviously your parents didn't introduce you to Ayn Rand, so it's a little surprising to hear that your brother also embraced Objectivism. What kind of upbringing did you have?

A. I grew up in a small city-- 50,000 people-- in Ohio. We lived in a rural setting, which I think was a healthy environment to grow up in. We had forests to play in, and I had a number of wild animals for pets. Actually, we generally nursed injured animals back to health and then set them free. I learned a respect for nature-- not in the sense which environmentalists advocate-- but in a rational sense.

Until I was about 10 I lived in a neighborhood in which most of the boys my age owned several pieces of wood. During the summers we would collect our boards and build a fort. I learned a lot of implicit lessons from that, such as cooperative effort, planning ahead and recognizing the nature of the

materials I was using.

In some ways my back yard and the forest behind it were like a Montessori classroom. I was turned loose to explore whatever interested me.

Q. Did you come from a religious family?

A. We went to church sporadically. I was very involved in youth groups for a while, but I don't think I ever took it very seriously. I saw too much hypocrisy. But lacking anything positive to replace religion, I was just confused.

When I started reading Rand, I felt like I had discovered the answers I'd been seeking for many years. I remember sitting in my living room crying with joy because so many doubts and so much guilt were just melting away. Even though I was basically an atheist, I didn't have anything positive to guide my life, and Rand provided that.

Q. How did your parents react to your interest in Objectivism?

A. Ironically, prior to reading Rand my relationship with my father was better than my relationship with my mother. That switched 180-degrees after I started studying Objectivism.

My mother had read some of Rand's work before, and she re-read *The Fountainhead* and some of the non-fiction. It brought us closer together than we'd ever been, not because she agreed, but because she showed an interest in something which was important to me. She took my ideas seriously and didn't just dismiss them.

My father, on the other hand, disliked the changes in my attitude which occurred. I was more assertive

in expressing and defending my values, and this created conflicts between us.

At the time he was married to a woman who had a son who was essentially a thug. The first Thanksgiving after reading Rand I refused to attend the family dinner because this son had been invited, and I explained why I wouldn't attend. I suffered incredible pressure to attend for the sake of the family, but stood my ground and spent that Thanksgiving alone. In some ways it was the best Thanksgiving of my life, because I had stood up for what was right, and that was reason to give thanks.

Q. That must have been difficult.

A. Yes and no. Obviously one doesn't like that kind of treatment from a parent, but on the other hand, it was one of the first times I had explicitly stood up for my values. I had just discovered what values were, and more specifically, what mine were. It was sad to spend the holiday alone, but it was rewarding that I didn't back down when pressured to do something I thought was wrong.

Prior to reading Rand, I was not a very confident person, particularly in dealing with other people. I was confident in my mind and in my abilities, but people were a complete mystery. Rand helped me identify, understand and eliminate the contradictions which had been plaguing me.

The concept of selfishness is a good example. I remember remarking to someone-- this was before I read Rand-- that it was necessary to be selfish at least some of the time. But the cultural view of selfishness is corrupt, so I was torn

between these views of selfishness.

When I resolved that conflict within myself, and started acting in a rationally selfish manner, my father couldn't handle it. I tried explaining my views to him several times, but he wasn't very interested. In a lot of ways he's like the stereo-typical businessman who believes that ideas are impotent.

Q. Is he a businessman?

A. No, but he's always been rather entrepreneurial. Unfortunately, many of his ideas involve getting rich quick.

But when I was growing up he and my mother started a screen-printing business. This was before many people even knew what screen-printing was, so he was doing something fairly risky. But he made the business successful-- in fact it provided the greatest lesson he taught me, though only implicitly.

He managed to get a contract with local stock car race tracks to sell his products. Virtually every Friday and Saturday night for years we would go to the race track. He converted a van to a moving warehouse/ booth. He and my mother worked evenings and weekends for many, many years building up that business.

As much as I hated sitting in that van every weekend, I could see the financial benefits of their hard work. We lived in a nicer home than any of my friends, my parents bought a new vehicle frequently, we took 2-week vacations every spring, etc. And they often put my brother and I to work hanging up t-shirts or some other type of manual labor (where were the child-labor laws when I needed them?)

When I was in the fifth-grade I began buying products from my

father and selling them to my classmates. And that wasn't even my first "business". Prior to that, I'd picked wild blackberries every summer and sold them to neighbors and relatives.

My father has always worked hard, and he definitely instilled that value in me. I'm very grateful for that. But he has never been very intellectual.

When I discovered Ayn Rand, I tried to explain her ideas to him. I told him what I admired about him and why. But he wasn't interested.

I remember Rand once remarking that it can be difficult when one discovers the ideas friends and relatives hold. That was certainly the case with my father. But that discovery was offset by something much more glorious-- Objectivism and the power it gave me over my life.

Intellectual Activism

Fueled by plutonium and passion to extend man's grasp of the universe, thought has triumphed amid irrationality, paralysis and fear-- throwbacks to the Dark Ages.

From the sunlit Age of Reason, the challenge was issued.

Today, the Cassini spacecraft is off and running on a glorious journey to Saturn, bearing the spirit of that age and the name of its great astronomer.

Hail this achievement of reason.

Hail the entity that is man.

Neil Erian
Houston Chronicle
and USA Today

HOS Meeting Summary

by Pete Jamison

Architecture As Art: The Work of Frank Lloyd Wright November 1997

"When a man builds, there, you've got him. He can't hide. You know what, who and how that man is." -- FLW

I've made a study of Wright for over two years and am only scratching the surface of his significance to esthetics. To the extent now possible to me, I gave a capsulised view of the major periods in his life and major buildings for which I could find transparencies. This talk was given twice to account for illnesses and travel arrangements of several of us. Photographs of Wright buildings were obtained from the practice of Gerald Moorehead, Fellow, American Institute of Architects, without whom I'd have been in serious trouble.

To begin the subject, I gave a theory-ette of what we observe when we contemplate objets d'art, to use the academic term. Art objects can be viewed with respect not only to style but technique; I proposed two types of each. Considering style, an artist (an architect in the present example) must at least practice not only the best style one can find or invent (comparing, say, Greco-Roman to primitivism) but practice that style competently and consistently (as opposed to building the University of Texas tower with Baroque *and* Greco-Roman detailing, irrelevantly placed upon an Art Deco modern framework). I termed these two stylistic judgements the Internal Esthetic (is it good on its own terms?) and the External esthetic (is it good vis-a-vis Man?)

Considering technique, the architect has, again, at least two major considerations. There's the question of Materials (is it good stuff?) as in the avoidance of using, say, adobe to build in a jungle climate.

The material must be appropriate to the demands placed upon the design when executed. And execution is the next aspect of the Technical judgement: the question of Craftsmanship (is it a good job?) reduces to whether the material is assembled properly, in addition to chosen properly. The talent of the building contractor matters as well as that of the designer in this respect.

There's a third judgement one must consider, one that accounts for the world of option left after settling upon a style effectively rendered. This is the Personal judgement. This heading I reserve for making choices meaningful to the particular person who is, in this case, commissioning the structure. Associative matters from site characteristics to personal history have great relevance to custom artistry. A matchless example is found in the waxed flagstone flooring of Wright's house for Edgar Kaufmann, better known to the world as Fallingwater. The Kaufmann family's favorite swimming spot under the cantilevered rock ledges is today reflected in the house's *e x t e n d i n g b a l c o n i e s*, counterbalancing masses of masonry and the flooring of the living room, glistening like the bed of the stream below.

The Stylistic comes up much in esthetics discussions; the Technical is concentrated upon by professors and engineers. Wright pressed on...

His first period began with his first house, the Home & Studio, with a drafting room that allowed clients to look down upon the progressing work - from a balcony motionlessly suspended from chains, allowing for two stories of windows uninterrupted by beams - in a post and beam room! The period ended with the Larkin building's first commercial use of air conditioning and the Robie House's veranda roof, extending a full twenty feet away from its counterweight wall. Without extensive maintenance, this roof is as it has been since 1907. His second period saw Tokyo's Imperial Hotel survive the great earthquake of 1917, proving Wright's articulated foundation theory to the dismay of the American press. Wright emotionally survived the murder of his wife and children shortly after this period to begin his apprenticeship program, to shame the Johnson Wax building's zoning foes by demonstrating that his golf-tee supports held 8 times the weight that certain engineers claimed that they could not, and to originate at least a half-dozen styles, any one of which would have made the career of a lesser architect.

I continue to research more of his projects and writings in order to produce a series of articles, but am inadequate to the task of fully eulogizing Wright here, possibly anywhere. I defer to the witness of his work.

Intellectual Activism

On Election Day, President Clinton showed us why he won the Republican Revolution when he labeled the Virginia car tax cut as "selfish". ("Clinton labels Gilmore tax cut 'selfish'", November 4, 1997) He has a crystal clear understanding of the moral issue underlying today's debate about taxation. And unlike his Republican opponents, he knows just where he stands on that issue.

When he said, "This really is a question about whether Virginians will be selfish in the moment or selfless for their children and their future," he did not expect anybody to challenge the virtue of selflessness. I do.

Clinton implied that being concerned with one's own interests is incompatible with loving one's children. More perplexing, he equated concern for one's own future with "selflessness". What can be more selfish than working to shape one's own future? And how does selflessly abdicating one's interests serve to better one's

future?

This country was built by selfish people. The Declaration of Independence champions the right to pursue happiness. Men like J.P. Morgan, Michael Milken, Henry Ford, Bill Gates, and Thomas Edison got rich through hard work, innovation, and above all selfishness. They helped build the most prosperous nation in the world because they were in it for the money.

Still smarting from his defeat over socialized medicine, Clinton fully understands that "selflessness" is the moral key to his political agenda. A nation that repudiates collectivism is not populated by those who, as Clinton put it, "were tempted to do something that was selfish and ... didn't do it, and the next day ... felt wonderful." Defending one's individual rights is profoundly selfish, and it feels great the next day.

Johannes M. Hacker
Washington Times

ANNOUNCEMENTS

\$Michael Mazzone will take his challenge to IOLTA to the United States Supreme Court on January 13.

\$Dues for 1998 membership are due. Membership renewal form is enclosed. Dues should be mailed to Warren Ross, 515 Nottingham Oaks Trail, Houston TX 77079.