

THE LONG CLOCK · CHAPTER TWO

# The Company Was Chartered for Something

*Chapter Two of The Long Clock*

Ammanuel Santa Anna

Santa Anna, A. (2026). The Company Was Chartered for Something. In The Long Clock (ch. 2). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989076
Luminous Library Licence 1.0 · business.hautelumiere.life/library/the-long-clock

## THE LICENCE

The Company Was Chartered for Something
*Chapter Two of The Long Clock*

The Long Clock · Chapter Two. The Haute Lumière edition, 2026. © 2026 Ammanuel Santa Anna.

Released under the Luminous Library Licence 1.0 (hautelumiere.life/library-licence): free to read, share, quote, translate and teach, non-commercially, for ever. The Author keeps every other right, including every commercial right.

Published by Luminous Prosperity Inc. for Haute Lumière. Author ORCID 0009-0008-3244-0306.

DOI 10.5281/zenodo.23989076 · this record's page: business.hautelumiere.life/library/the-long-clock/02-the-company-was-chartered-for-something/

Please cite as: Santa Anna, A. (2026). The Company Was Chartered for Something. In The Long Clock (ch. 2). Luminous Prosperity Inc. https://doi.org/10.5281/zenodo.23989076

Chapter Two of The Long Clock. The whole book, with every chapter, is at business.hautelumiere.life/library/the-long-clock (DOI https://doi.org/10.5281/zenodo.23989072).

## A NOTE BEFORE YOU READ

This work is offered for education and leadership development. It is not legal, financial, accounting, investment, medical or psychological advice; take the advice of a qualified professional who knows your circumstances. Companies and events are described from the public record as the author understands it; characterisations are the author's analysis. Examples are illustrative, and no particular outcome is promised to any reader.

## ABSTRACT

Chapter 1 began with the two sentences every company keeps: the one it shows and the one it runs on. This chapter is about the first, and about how it came to matter so little. Colin Mayer, a professor of management studies at Oxford's Saïd Business School and a former dean there, spent much of the last decade asking what would happen if the first sentence were made to mean something. His book Prosperity: Better Business Makes the Greater Good , published by Oxford University Press in 2018, is the fullest statement of that question. Its claim is plain enough to fit on a card. A company has a purpose, and the purpose is not profit. Profit is what a company earns for doing its purpose well. The final report of the British Academy's programme on the future of the corporation, which Mayer led, puts the purpose of business in one line: "to create profitable solutions for the problems of people and planet, while not profiting from creating problems for either."

CHAPTER TWO

# The Company Was Chartered for Something

## A sentence in a drawer

Chapter 1 began with the two sentences every company keeps: the one it shows and the one it runs on. This chapter is about the first, and about how it came to matter so little.

Colin Mayer, a professor of management studies at Oxford's Saïd Business School and a former dean there, spent much of the last decade asking what would happen if the first sentence were made to mean something. His book *Prosperity: Better Business Makes the Greater Good*, published by Oxford University Press in 2018, is the fullest statement of that question.[7] Its claim is plain enough to fit on a card. A company has a purpose, and the purpose is not profit. Profit is what a company earns for doing its purpose well. The final report of the British Academy's programme on the future of the corporation, which Mayer led, puts the purpose of business in one line: "to create profitable solutions for the problems of people and planet, while not profiting from creating problems for either."[8]

Ammanuel Santa Anna's *Ecstatic Economics* arrives at the same place from a different direction. Where Mayer reads company law and history, Santa Anna reads the nervous system and the long record of economies organised around something other than accumulation. His diagnosis of the dominant model is direct, and so is his refusal to turn it into a villain. Of the shareholder-primacy corporation he writes, "Ecstatic Economics doesn't demonize this model." And elsewhere: "The alternative is not anti-business."[9]

This chapter does three things. It recovers the older idea that Mayer's argument restores. It examines one belief that ends most conversations about purpose before they begin, the belief that directors are legally obliged to maximise shareholder value. And it sets out what Mayer actually proposes, which is more structural than its reputation, before turning to how a purpose sentence is written well enough to decide something.

## The older idea

The argument for corporate purpose is usually presented as new. It is closer to a recovery.

The early corporation was a grant, not a right. A charter from a Crown or a legislature allowed a group of people to act as one body, to own property, to sue and be sued, and to outlive its founders, and it allowed

them to do so for something: a canal, a bridge, a trading voyage, a college, a town. Mayer's book builds much of its history on this point. The corporation's defining privilege, a life longer than any of its members, was granted in return for a stated undertaking. Purpose came first and limited liability came after.[7]

It is worth pausing on why the privilege and the purpose were joined. A body that outlives its members is a body with a long clock by construction. The canal company would still exist when its first shareholders were dead; the college would still be teaching when its founders' grandchildren were old. The charter was the instrument that told such a body what to do with its long life. Without it, a corporation's immortality would be a power with no direction. With it, the long clock had a task.

Over the nineteenth century, general incorporation statutes in Britain and the United States made the corporate form available to anyone who filed the papers. That was a large and good change. It opened enterprise to people who had no friends at court, and much of the prosperity of the following century was built on it. It also allowed the stated purpose to shrink to a formality. By the late twentieth century a company's objects clause commonly said that it could carry on any lawful business, which is a purpose in the way that "any destination" is a travel plan. The corporation kept its long life. It lost the instruction about what the long life was for.

Into that space came a second sentence. In September 1970 the economist Milton Friedman published an essay in *The New York Times Magazine* under the title "The Social Responsibility of Business Is to Increase Its Profits."[10] Friedman's argument was more careful than its headline. He held that managers are agents of the owners, that spending the owners' money on social causes the owners had not chosen is a kind of taxation without consent, and that profit should be pursued within what he called the rules of the game. Chapter 3 gives that argument its full strength. In the decades that followed, though, the essay was compressed into a slogan, the slogan into a theory of the firm, and the theory into pay packages tied to share prices. The second sentence, the one a company runs on, came to be written in a single variable.

Santa Anna tells the same history as a developmental arc rather than a fall. In his account each school of economic thought answered the conditions of its time and carried a shadow with it; the shadow of the late twentieth century was a single number allowed to stand for everything. His phrase for what a matured company does instead is that it "has expanded its circle of concern from a single metric (shareholder return) to a constellation of metrics that reflect the full complexity of value creation."[9] Mayer would put it in a lawyer's terms. The two descriptions meet on one point: a company that measures one thing will, under pressure, sacrifice everything it does not measure.

## The myth in the boardroom

Before purpose can be discussed, one belief has to be examined, because it ends most conversations about purpose before they begin. It is the belief that directors are legally required to maximise shareholder value.

Santa Anna's book states the common version of it in strong terms. Followed far enough, he writes, the logic of scarcity arrives at a world where "a corporation can be legally *obligated* to maximize shareholder returns even when doing so destroys communities, poisons watersheds, or drives species to extinction."[9] As a description of how many boards behave, and of what many directors believe, the sentence is fair. As a statement of American or British company law in ordinary decisions, it is narrower than the belief that surrounds it, and the difference matters for a leader deciding what is possible.

The late Lynn Stout, a professor of corporate law at Cornell, made the case most clearly. In "Why We Should Stop Teaching *Dodge v. Ford*," she showed how much weight one 1919 Michigan decision has been asked to carry.[11] In *Dodge v. Ford Motor Co.*, the court ordered Henry Ford to pay a special dividend and remarked that a business corporation is organised and carried on primarily for the profit of the stockholders. Stout's argument, in her own abstract, is blunt: "U.S. corporate law does not and never has imposed a legal obligation on directors to maximize shareholder wealth." Her reasons were that the remark in *Dodge* was not needed to decide the case, that later courts rarely relied on it, and that the doctrine which actually governs most board decisions in the United States, the business judgment rule, gives directors wide latitude to weigh employees, customers, communities and the long term so long as they act in good faith and without conflict. Her later book, *The Shareholder Value Myth* (2012), extended the argument.

There are real limits, and a fair account names them. In *eBay Domestic Holdings v. Newmark* (2010), the Delaware Chancery Court held that the directors of craigslist could not use a poison pill to protect the site's community-minded culture against a shareholder simply because they preferred that culture to profit. When a company is put up for sale, Delaware's *Revlon* line of cases asks directors to seek the best price reasonably available. In the United Kingdom, section 172 of the Companies Act 2006 asks directors to promote the success of the company for the benefit of its members as a whole, while having regard to employees, suppliers, customers, the community, the environment and the likely consequences of any decision in the long term. The members come first in that sentence; the long term is something to have regard to.

So the accurate sentence is this. In ordinary decisions, most directors in these jurisdictions already have the room to run a company for the long term and for its stakeholders. What they lack is not legal permission. It is protection: from a sale, from a hostile bid, from an activist with a short holding period, from a pay plan that rewards the next eight quarters. The law opens a door that the structure of the company then holds shut.

That is why Mayer's programme looks past the directors' duty to the company's constitution and its owners, and why Santa Anna's book spends its most practical pages on ownership rather than on exhortation. His own line on this is one a director could pin above the desk: "Culture doesn't float free of structure."[9] A purpose that is not written into what the company is, and into who can sell it, is a mood.

## What Mayer actually proposes

*Prosperity* is sometimes summarised as an argument for corporate virtue. It is more structural than that. Its proposals, developed with colleagues in the British Academy's Future of the Corporation programme between 2017 and 2021, can be grouped under four headings.[7][12]

Purpose in the constitution. A company should state, in its articles, what problems it exists to solve, and directors should owe their duties to that purpose. The statement is meant to be specific enough to exclude things. A purpose that permits everything constrains nothing.

Ownership that holds the purpose. Owners should be able to commit to the purpose for long periods. Mayer points repeatedly to companies held by industrial foundations, common in Denmark and Germany, where a foundation with a charter owns a controlling stake and cannot sell it. Robert Bosch GmbH is the best-known example. By the company's own account, the not-for-profit Robert Bosch Stiftung holds roughly ninety-four per cent of the share capital, while some ninety-three per cent of the voting rights are held by a separate body, Robert Bosch Industrietreuhand KG; the founder's descendants hold the remaining seven per cent or so of the votes and, through a family company, roughly five per cent of the capital.[13] Chapter 6 reads that structure in detail. Santa Anna's book names Bosch for the same reason, as one of the companies that "demonstrate that it is possible to build profitable, competitive businesses that are structurally incapable of being captured by short-term financial interests."[9]

Measurement net of harm. Profits should be measured after the cost of remedying the damage a company causes and of maintaining the natural, human and social assets it depends on. A firm that earns its return by running down an asset it does not own has not earned it. This proposal is the one closest to the house's reading in chapter 4, where a profit made by drawing down a long-clock asset is treated as a transfer from the future rather than a gain.

Regulation and finance aligned to purpose. Where a company provides an essential public service, regulation should hold it to that purpose; and investors who supply long-term capital should be able to make credible commitments in return for it.

Mayer's 2021 article in the *Journal of Management Studies*, "The Future of the Corporation and the Economics of Purpose," sets out the economic reasoning in compressed form.[12] Its abstract argues that "regulation is proving increasingly inadequate at correcting market failures, and the traditional separation between economic efficiency and distribution that underpins policy formulation is untenable." It is an argument, not a test. It does not measure whether purposeful firms outperform, and it does not claim to. The evidence on time horizons, which chapter 5 sets out, comes from elsewhere.

## Patient capital, defined

The second half of this book's subject has a less tidy origin. *Patient capital* is a phrase used by development economists, venture investors, foundations and politicians, and no single author owns it. In finance it usually means money supplied with a long expected holding period and without a demand for early liquidity: a foundation's controlling stake, a family's holding across generations, a pension fund's allocation to infrastructure, a lender who accepts a long tenor.

Santa Anna's book uses it in that sense and adds a reason. In the canon text of *Ecstatic Economics* he writes: "Conventional capital, with its demand for rapid growth and quick exits, is structurally hostile to this kind of development."[14] The development he means is the slow work of building trust, refining practice and showing that a regenerative approach can pay. In his teaching on living financial institutions, he is careful about what the phrase does not mean. He writes: "Patient capital isn't about sacrificing financial returns; it's about recognizing that true prosperity encompasses social and environmental well-being."[15] The same text gives the institutional version of this chapter's argument in one instruction: "Banks, funds, and cooperatives need to clearly articulate their purpose beyond profit."[15]

The first of those two sentences matters for a reader who manages money. Patience is not a discount granted to good causes. It is a match between the time a productive asset needs to grow and the time its owner is prepared to wait. A forest, a research programme, a team's tacit skill and a customer's trust all regenerate on long cycles. Capital that demands its return on a shorter cycle than the asset regenerates will be paid, for a while, out of the asset itself.

That is the thread between Mayer's purpose and Santa Anna's ecology, and the rest of this book follows it. Purpose says what the company is for. Patient capital is the owner who will let it be for that long enough to do it. The charter told the old corporation what its long life was for; patient ownership is what gives a modern company a long life in the first place.

## Three drafts, read closely

It helps to watch a purpose sentence being improved. The three drafts below belong to a composite company, invented for teaching: a regional business that installs and services heating systems in older homes, with about two hundred staff and a family as its main owner. Each draft was the one its board actually liked at the time.

The first draft. *"We exist to deliver outstanding energy solutions for our customers and value for our shareholders."* Every word is defensible and none of it decides anything. It names no problem and no people. It would permit the company to sell anything that produces energy to anyone who pays, and it would permit the company to cut any cost that lowers value for customers if it raises value for shareholders by more. It con-

tains no harm the company refuses to profit from. A board reading it in a hard quarter would find it on both sides of every argument.

The second draft. *"We exist to keep older homes in our region warm, safe and affordable to heat."* This is much better. It names a problem (warmth, safety and cost in older housing) and a place (the region). It would tell the board to decline a profitable contract to install systems in new-build developments two hundred miles away, which is the test from the section above: a purpose earns its place when it would make the company refuse something. It still says nothing about harm. It would permit the company to sell households a system that is cheap to install and expensive to run, because the sentence is satisfied on the day of installation.

The third draft. *"We exist to keep older homes in our region warm, safe and affordable to heat, and we will not profit from selling a household a system that costs it more over its life than the one we would choose for our own home."* The last clause is clumsy, and boards usually want to tidy it. They should resist. It is the clause that does the work. It sets a test any engineer in the company can apply at a customer's kitchen table, it puts the household's long clock, the fifteen or twenty years a boiler runs, into the sales conversation, and it names a profit the company will refuse. A board in a hard quarter, looking at a sales target that would be met by pushing the cheaper systems, now has a sentence that ranks the decision.

Notice what happened between the drafts. The first was written for readers outside the company. The third was written for the people inside it who make decisions, on the day they make them. Mayer's formulation is built to produce the third kind of sentence, because its two clauses force a writer to name a problem and a harm. That is why the formulation matters more than its wording. A company that adopts the words without doing the naming has written the first draft in better clothes.

There is one more step, and it is the subject of the rest of this book. The third draft is still only a sentence. If the family that owns the company sells it to a buyer who does not share the purpose, the sentence goes with the old owners. If the managers are paid on annual installation volume, the sentence will lose to the bonus plan in any year it is tested. The draft tells the company what it is for. It does not yet give the company a long enough life, or a patient enough owner, to be it.

## The household version

It would be easy to read all of this as a matter for boards. It is not only that.

A household also has a stated purpose and a working one. The stated purpose is often generous: the children's education, a parent's care, a house that can be left to someone. The working purpose is the one written in the direct debits, the overdraft, the card balance and the month-end feeling in the stomach. Santa Anna's book is precise about what that feeling does to time. Under financial threat, he writes, "Your time horizon collapses. The future shrinks to the immediate — this quarter, this month, this paycheck."[2] A com-

pany under quarterly pressure and a family under month-end pressure are making the same trade for the same reason.

Nothing here is investment advice, and the house gives none. The point is narrower and more useful. A household, like a company, can write down what its money is for, can notice which of its arrangements serve that purpose and which serve only the next thirty days, and can decide which commitments it is prepared to hold for longer than is comfortable. A household's charter is not filed anywhere. It can still be written, and once written it can be checked, which is what charters were for.

## The finer points of writing a purpose

The British Academy's principles ask for a purpose statement; they do not say how to write a good one, and most first drafts fail in the same three ways.[8]

Too wide. "To improve lives" excludes nothing. A purpose earns its place when it would tell a board to decline a profitable opportunity. Test it by naming one deal it would refuse. If no one in the room can name one, the sentence is decoration.

Too vague about the problem. Mayer's formulation is built around problems: whose, and which. "Safe, affordable warmth for households in older housing stock" names a problem and a people. "Energy solutions" does not. A named problem has a further advantage, which chapter 3 develops: it can be measured, and a purpose that can be measured can rank decisions.

Silent about harm. The second clause of the formulation, *not profiting from creating problems*, is the one most often left out, and it is the one that does the work in a hard quarter. A purpose sentence should say what the company will not earn money from. That clause is where the long clock enters the sentence, because most harms a company is tempted toward are harms that arrive later and land on someone else.

Two further points come from practice rather than from the principles.

Write it where the numbers are. A purpose framed in reception is read by visitors. A purpose printed at the top of the monthly management accounts is read by the people who decide. The second placement is cheaper and more effective.

Date it and read it again. A purpose is not written once. It is written, used for a quarter, and then read against the decisions actually taken. The question at the second reading is not whether the sentence is still admired. It is whether any decision went the other way because of it.

For a household, the same tests apply with smaller words. What is this money for. Whose problem does it solve. What will we not do to get it.

## The Tool: The Purpose Sentence

Write it on one page. Keep it where the monthly numbers are kept, not where the values are framed.

1 · The sentence, in Mayer's form

We exist to produce profitable solutions to __ (the problem) for _ *(the people or places), and we will not profit from* ___ (the harm we refuse to cause).

For a household: This money exists to __ for _, *and we will not* ___ to get it.

2 · The three tests

- One profitable thing this sentence would make us refuse: ______
- The specific people or place named: ______
- The harm named in the last clause, in words a customer or child would understand: ______

3 · The structure check

| QUESTION | ANSWER | WHO COULD CHANGE IT WITHOUT OUR CONSENT |
|---|---|---|
| Is the sentence written into the articles, the partnership deed, or the will? | yes / no | |
| Who could sell the company or the asset tomorrow? | | |
| What does the largest pay or bonus plan reward, and over how many months? | | |
| What does the largest lender or creditor require, and how often? | | |
| Which commitment would we keep through a bad year? | | |

4 · The horizon line

- The longest-lived asset this purpose depends on (a skill, a customer relationship, land, a reputation, a child's schooling): ______
- How long it takes to rebuild if it is run down: ______ years
- The shortest period over which anyone is judged on results: ______ months
- If the second figure is shorter than the first, write the one change that would lengthen it: ______

5 · The date

- Written on __ · read again on _ *(one quarter later)* · *changed? yes / no · why:* ___

## A charter, kept

The early charters were written on vellum and kept in a chest, and the chest mattered because the charter could be checked. A company or a family that writes its purpose in one sentence, names the harm it will not profit from, and keeps the page where the numbers are kept has done something small and old. It has given its long life a document to point to.

Chapter 3 takes the strongest objections to this argument seriously and answers each with a structure. The house's reading of employee ownership, one of those structures, is in *Owning the Work*.

# References


1. Mayer, C. (2018). *Prosperity: Better Business Makes the Greater Good*. Oxford University Press. ISBN 9780198824008. The history of the chartered corporation and the four groups of proposals are summarised from the book's argument; no passage is quoted. For a critical review, see Burg, R. (2019). *Business Ethics Quarterly*. https://doi.org/10.1017/beq.2019.27. The book argues a case; it does not test whether purposeful firms perform better.
2. The British Academy. (2021). *Policy and Practice for Purposeful Business*, the final report of the Future of the Corporation programme. The definition is quoted as given in Brunswick Review, "A framework for purposeful business," read 19 October 2026; the British Academy's own pages refused a direct fetch that day. The programme's 2019 report, *Principles for Purposeful Business*, states the same idea in slightly different words, paraphrased here and not quoted.
3. Santa Anna, A. *Ecstatic Economics*. Luminous Prosperity, 2026. Chapters 1, 3 and 4, from the canon text.
4. Friedman, M. (1970, September 13). The social responsibility of business is to increase its profits. *The New York Times Magazine*.
5. Stout, L. A. (2007). Why we should stop teaching *Dodge v. Ford*. SSRN. https://doi.org/10.2139/ssrn.1013744. Published in *Virginia Law & Business Review*, 3(1), 2008. The quoted sentence is from the abstract. See also Stout, L. A. (2012). *The Shareholder Value Myth*. Berrett-Koehler. Cases: *Dodge v. Ford Motor Co.*, 204 Mich. 459 (1919); *eBay Domestic Holdings, Inc. v. Newmark*, 16 A.3d 1 (Del. Ch. 2010); Companies Act 2006 (UK), s. 172. A legal argument about United States law; it does not describe how directors actually behave. This summary is for general readers and is not legal advice.
6. Mayer, C. (2021). The future of the corporation and the economics of purpose. *Journal of Management Studies*, 58(3), 887–901. https://doi.org/10.1111/joms.12660. Quoted from the abstract. A conceptual article; it sets out principles and reasoning and does not test whether purposeful firms perform better.
7. Robert Bosch GmbH, "The Bosch Group worldwide" (company page, bosch.com.au/our-company/bosch-group-worldwide, read 19 October 2026). Figures as the company states them, each given as approximate. The page describes ownership; it does not show what the structure causes.
8. Santa Anna, A. *Ecstatic Economics*, canon text, "Patient Capital and Impact Investing." The Luminous Developmental Canon, 2026.
9. Santa Anna, A. *Designing Living Financial Institutions*, Chapter 1, "Institutions as Organisms: Charter, Metabolism, and Lifespan." Living Systems Textbooks, unpublished.

The Company Was Chartered for Something

Ammanuel Santa Anna · Luminous Prosperity Inc. · Haute Lumière

Set in Cormorant Garamond and Manrope.

Read the Business Library at business.hautelumiere.life/library.

Luminous Library Licence 1.0 · hautelumiere.life/library-licence

**REQUEST A CONVERSATION**

business.hautelumiere.life/book/?kind=gainshare

The Business Library

business.hautelumiere.life/library/

The packages

hautelumiere.life/pricing/