

ECSTATIC ECONOMICS

The Long Clock

Purpose, Patient Capital and the Time a Company Needs

Ammanuel Santa Anna

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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

Every company keeps two sentences about itself: the one on the wall and the one in the bonus plan. In a hard quarter the second wins, quietly. This book is about the distance between them, and about time: the clock a company decides on, and the clock its people, customers and assets renew on. Purpose, patient capital and the time a company needs: thirteen chapters, a tool in each, and a workbook.

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CHAPTER ONE

Two Sentences

The sentence on the wall and the sentence in the bonus plan

Every company keeps two sentences about itself. The first is the one it shows. It sits in the articles of association, on the wall in reception, in the opening paragraph of the annual report, and it says what the company is for. The second is the one it runs on. It sits in the bonus plan, the covenant on the loan, the guidance given to analysts, the figure the finance director checks on the first Monday of the month, and it says what the company will be judged on and when.

Most of the time the two sentences live side by side without trouble. In a good year there is money for the apprentices and money for the dividend, money for the research programme and money for the margin. The test comes in a hard quarter, when only one of the two can be honoured. Then the second sentence wins, and it usually wins quietly, without a meeting where anyone decides that the first sentence no longer applies. The training budget is trimmed. The product launch slips a year. The long customer is moved to a cheaper service tier. Each decision is small and defensible. Together they are the company choosing its next quarter over its next decade.

This book is about the distance between those two sentences, and about the one thing that most often decides which of them wins. That thing is time. Not time in the abstract, but two specific clocks: the period over which the people who make a decision will be judged, and the period over which the thing the decision draws on takes to renew. When the first clock is shorter than the second, the second sentence wins. When the two clocks are brought into line, the first sentence has a chance.

Three rooms, one decision

The pattern is easier to see in a room than in a theory. The three rooms below are composites, built for teaching from situations common enough that most readers will recognise one of them; none is a real organisation or family.

The first is a boardroom in a listed engineering company. The finance director presents the forecast for the year. It is a little short of the figure the company guided analysts toward in the spring. She lays out three ways to close the gap: defer the next phase of a software platform the operations team has been building

for two years, freeze graduate hiring for twelve months, and move the maintenance contract on the older plants from preventive to reactive. Each saves a sum. Together they close the gap. Nobody in the room believes any of the three is good for the company over five years, and nobody says so, because the cost of each arrives after the people in the room will have been judged. The meeting takes forty minutes.

The second is a kitchen in a family firm, three generations old, that makes specialist fittings for boats. The founder's granddaughter runs it. An investor has offered to buy a minority stake, and the money would pay for a new production line. The terms are reasonable. They include a target return over five years and a right to sell the stake, with the family's shares alongside, if the target is missed. The granddaughter's apprentices take four years to train. The boatyards she supplies change suppliers about once a generation. She is being offered capital on a five-year clock to fund a business whose two most valuable assets run on clocks of four years and twenty-five. She senses the mismatch without having a word for it.

The third is a smaller kitchen. Two adults, one child, a rented flat. One adult has been studying in the evenings for a professional qualification that will take another two years. In a hard month, the boiler fails, the card balance rises, and the course fees fall due. The course is paused. The month's accounts recover at once. The cost of the pause will arrive in three years, when the higher salary the qualification would have brought does not, and it will never appear in any account as a loss.

The three rooms differ in scale by several orders of magnitude. The decision in each is the same. A long-clock asset, a platform, a workforce's skill, a person's qualification, pays for a short-clock result, and the payment is booked as a saving. This book is written to make that decision visible before it is taken, and to show the structures that let it be taken differently.

Why this book

The idea is not new, and the book does not pretend it is. Economists have argued about short-termism for decades. Lawyers have argued about the purpose of the corporation for longer. In 2018 Colin Mayer, a professor at Oxford's Saïd Business School, published *Prosperity*, the fullest modern statement of the case that a company has a purpose beyond profit, and he went on to lead the British Academy's programme on the future of the corporation.[1] Chapter 2 sets out his argument and the older history it recovers.

What this book adds is a particular way of reading that argument, drawn from Ammanuel Santa Anna's *Ecstatic Economics*. Santa Anna reads an economy the way an ecologist reads a watershed: as a living system with stores and flows, with things that renew and things that are drawn down, and with feedback that either reaches the people making decisions or does not. Read that way, short-termism stops being a vice to be scolded and becomes a design fault to be repaired. His book is careful on this point. Describing the shareholder-primacy corporation, he writes: "Its legal structure, its incentive systems, its accounting frameworks, its governance mechanisms all converge on a single objective: maximize financial returns to share-

holders."[2] The sentence is not an accusation against the people inside. It is an anatomy of a structure, and structures can be redrawn.

The reading also reaches somewhere the usual accounts of short-termism do not: into the body of the person deciding. Santa Anna's book gives a chapter to what scarcity and threat do to the nervous system, and its conclusion bears directly on time horizons. Under chronic threat, he writes, "scarcity-based economics literally makes people less intelligent, less creative, less empathic, and less capable of long-term thinking." He adds at once: "Not because they lack ability, but because their nervous systems are in a chronic state of threat response that shuts down the very capacities most needed to create a different kind of economic life."[2] A board facing an activist and a family facing an overdraft are, in this account, in the same physiological position. Both are being asked to think on a long clock by bodies that have been told to survive the week.

That joining of institution and body is the house's contribution. It is why this book spends as much care on who holds a company as on how it is run, and as much on the kitchen table as on the boardroom.

Why now

Three things make the question practical rather than academic.

The first is that the old answer has lost its certainty. For about half a century, the working sentence of most large companies in Britain and the United States was some version of Milton Friedman's 1970 essay title, that the social responsibility of business is to increase its profits.[3] In August 2019 the Business Roundtable, an association of chief executives of large American companies, published a Statement on the Purpose of a Corporation, signed by 181 of them, committing to customers, employees, suppliers and communities as well as to long-term value for shareholders.[4] Chapter 3 examines how much that statement changed, which by the best study of it was very little. But the fact that it was written at all tells a leader something. The question of what a company is for is open again, in the rooms where it is decided.

The second is that the evidence has improved. For a long time the case against short-termism rested on surveys of what executives said and on stories of what they did. Since then researchers have found ways to ask the causal question more carefully: what happens to a company's value and investment when its executives' pay is made to look further ahead. Observational studies have also looked more closely at what happens when its owners cannot sell. Chapter 5 sets out that evidence with its limits. It is narrower than its advocates claim and more consistent than its critics allow.

The third is that the structures exist. A founder who wants a company to stay true to its purpose after she has gone is not inventing something. Industrial foundations have owned some of Europe's largest companies for generations. Employee trusts have owned British retailers for most of a century. In September 2022 the founding family of Patagonia transferred their company to a purpose trust and a nonprofit collective,

using ordinary legal instruments.[5] Chapters 6 and 7 work through these cases from the companies' own documents. The point for now is that the long clock is not a utopian proposal. It is a set of tools already in use, unevenly known.

Who this book is for

It is written for four readers, and each will use it differently.

The leader who runs something: a company, a division, a practice, a school, a hospital trust. She does not own the company and cannot change its shareholders. She can change what her team is measured on and over how long, which assets her budget protects, and what goes in the minutes. The field manual in chapter 9 is written for her, week by week.

The owner: a founder, a family that holds a firm across generations, a partner in a professional practice, the trustee of a foundation. He can change what the company is and who can sell it. Chapters 6 and 7 are written with him in mind, and chapter 11 gives him the words for the conversations that follow.

The board member or adviser, who sits between the two and is often the one person in the room able to ask how long an asset takes to rebuild. Chapters 3, 8 and 10 are hers: the objections taken seriously, the question of guidance to investors, and how to tell whether any of it worked.

The household, which runs on two clocks as surely as any company: the monthly statement and the long assets of health, skill, a child's schooling, a parent's care. Most chapters carry a household version of their argument, and chapter 12 works one household through a year. Nothing in this book is investment advice, and the house gives none. What it offers a household is the same structural reading at the scale of a kitchen table.

The one claim

The book makes one claim, stated here once so that every later chapter can be read as a test of it.

A company's time horizon is set by its purpose and its owners long before it is set by its managers. A leader who wants longer horizons has to change what the company is for and who holds it, not only how it is run.

Two consequences follow, and they run through the whole book.

The first is that exhortation does not work. A management team told to think long-term, while its pay vests in eighteen months and its largest lender reviews the covenant every quarter, will think long-term in the strategy day and short-term in every decision after it. This is not hypocrisy. It is what any structure does to the people inside it. Santa Anna's book has a short sentence for this, which chapter 2 will return to: "Culture doesn't float free of structure."[2]

The second is that patience is not a sacrifice. The usual language treats the long term as something a company pays for out of its returns, a cost of virtue. The house's reading treats it as accuracy. A forest grows at the speed it grows. A team learns at the speed it learns. A customer comes to trust a supplier at the speed trust is built. An owner whose expectations match those speeds is not being generous to the company. She is being right about what she owns. Santa Anna's teaching on financial institutions makes the point directly: "Patient capital isn't about sacrificing financial returns; it's about recognizing that true prosperity encompasses social and environmental well-being."[6]

What the book will not do

A book about long horizons should be honest about its own.

It will not tell a reader what to buy, sell or hold. The evidence in these chapters concerns companies, ownership structures and incentives. It does not concern which shares will rise.

It will not claim that every patient owner is a good one. A long clock tells an owner to wait for the slow assets to renew. It does not tell her which assets are worth renewing, and some of the most patient owners in economic history kept factories open long after their products had stopped serving anyone. Chapter 3 takes that objection at full strength.

It will not pretend that markets are the enemy. Several of the sharpest findings in chapter 5 come from financial economists using market prices, and they show particular owners on particular clocks behaving in particular ways, not markets in general punishing the future. Santa Anna's own book refuses the villain story. Of the shareholder-primacy corporation he writes, "Ecstatic Economics doesn't demonize this model."[2]

And it will not offer the living-systems reading as the only true one. It is a lens. It is offered because it makes some things visible that the usual accounts leave in shadow: the draw-down hidden inside a good result, the body's part in shortening a horizon, the parties with long clocks who sit in the corner of the stakeholder map marked *monitor*. A reader should keep the lens where it shows her something true and set it down where it does not.

The map of the book

The book has thirteen chapters and a workbook.

Chapters 2 to 5 set out the argument. Chapter 2, *The Company Was Chartered for Something*, recovers the older idea that a corporation's privileges were granted for a stated purpose, examines the belief that directors must legally maximise shareholder value, and sets out what Mayer actually proposes. Chapter 3, *Four Objections, Answered Plainly*, gives the critics their strongest form: accountability, purpose-washing, entrenchment and the claim that short-termism is overstated. Each turns out to be an objection to purpose

without structure. Chapter 4, *Two Clocks in Every Company*, is the house's own reading: the decision clock against the regeneration clock, the loop that settles toward decline, and the body's clock under threat. Chapter 5, *When the Clock Lengthens*, sets out the evidence and works a composite family manufacturer through the arithmetic of cutting its future to raise its sale price.

Chapters 6 to 8 are cases. Chapter 6, *The Foundation and the Trust*, reads Europe's foundation-owned companies, Bosch above all, from their own published figures. Chapter 7, *Handing It On*, reads two founders who gave up the right to sell: Yvon Chouinard's family at Patagonia and John Spedan Lewis at the John Lewis Partnership. Chapter 8, *The Quarterly Question*, follows the companies that stopped giving investors quarterly earnings guidance, and what the research says happened next.

Chapters 9 to 12 are for use. Chapter 9 is a field manual: twelve weeks, end to end, with roles, decisions and what to do when it stalls. Chapter 10 is about measurement: how to know whether a longer clock is renewing anything, written so that a leader cannot fool herself. Chapter 11 gives the hard conversations, with boards, lenders, families, investors, staff and sceptics, in words a person could actually say. Chapter 12 takes the whole argument home, to one composite household across one year.

Chapter 13 closes with the living-systems reading of the whole and one image to carry away. The workbook gathers every tool in the book and a ninety-day plan.

Each chapter ends with a tool, written out in full, that can be used the same week. The tools are meant to be filled in by hand and kept where the monthly numbers are kept, not where the values are framed.

The neighbouring books

This book belongs to a series in the Ecstatic Economics lineage, and several of its arguments are completed elsewhere. The evidence on employee ownership, which bears directly on who holds a long clock, is the subject of *Owning the Work*. The history of how a workforce can share in gains it builds over time is told in *The Gain Was Always Shared*. Where this book refers to them it says so, and leaves them to do their own work.

The order of reading matters less than it might seem. A reader who owns a firm and is thinking about who will hold it after her may want to read chapters 6 and 7 first and return to the argument after. A leader with a board meeting next month may go straight to chapters 9 and 11. A household may begin with chapter 12. The book is built so that each chapter stands on its own, with its tool, while the argument of chapters 2 to 5 sits underneath all of them. What it asks of every reader is the same: to put the slow clock and the fast one on the same page, and to look at both before deciding. Everything else in these pages is a way of making that one habit easier to keep, in a company and at home, in a good quarter and a bad one.

A first page

Before the argument begins, it is worth knowing where you stand. The tool below takes a quarter of an hour. It asks for nothing a person who runs a company or a household does not already know, and it is usually more revealing than expected, because the two clocks are rarely written on the same page.

Fill it in now. Fill it in again when you reach the end of the book. The difference between the two pages is the most honest measure this book can offer of whether it was worth reading.

The Tool: The Horizon Snapshot

One page. Fifteen minutes. For a company, a team, or a household.

1 · The two sentences

- The sentence we show (purpose, mission, what the money is for): _____
- The sentence we run on (what we are actually judged on, and by whom): _____
- The last time the two disagreed, and which one won: _____

2 · The longest-lived thing we depend on

- Name it (a skill, a relationship, a reputation, a pipeline, land, health, a child's schooling): _____
- How long it would take to rebuild if it were run down: _____ years

3 · The shortest clock that can draw on it

- Who decides about it: _____
- Over what period they are judged: _____ months
- Who sets that period: _____

4 · Who holds the long clock

- The person or body with the longest horizon, the standing to act and some distance from daily management: _____ (or: nobody yet)

5 · One line

- If the clock in part 3 is shorter than the time in part 2, write the one thing that would lengthen it: _____

Dated __ · to be repeated after chapter 13 on ____

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*.

CHAPTER THREE

Four Objections, Answered Plainly

An honest disclaimer

The argument for corporate purpose has a reputation, and some of it is earned. It has produced a great many mission statements, a great many conference panels and a smaller number of changed decisions. A reader who runs a company, or looks after a family's money, is right to ask whether purpose is a structure or a costume.

Chapter 2 set out Colin Mayer's case: a company exists to create profitable solutions for the problems of people and planet without profiting from creating problems, and it needs owners patient enough to let it.[16] This chapter gives the other side its strongest form. There are four objections that deserve an answer. Each has a scholar behind it and evidence beside it, and each points, once it is taken seriously, to a specific design choice rather than to a reason to give up.

Ammanuel Santa Anna's *Ecstatic Economics* is a useful companion here because it is willing to criticise its own side. Its section on common pitfalls names the failures of purpose-driven enterprises as plainly as it names those of the extractive firm. He writes: "Organizations built on passion and purpose are paradoxically vulnerable to the very depletion they aim to heal." He ends the passage with a warning that applies to every objection below: without structure, such enterprises "will reproduce the extractive pattern in alternative clothing."[17]

The claim of this chapter is that each serious objection to purpose is an objection to purpose without structure, and each is answered by a particular structure. Read as a list, the objections are a specification. A designer who hears them out ends with a better building than one who never heard them.

One: a manager who serves everyone answers to no one

The oldest objection is about accountability. Milton Friedman's 1970 essay argued that a corporate executive is an employee of the owners, and that spending their money on goals they have not chosen amounts to imposing a tax and deciding how to spend it, functions that in a democracy belong to elected governments.[18] It is a serious argument about legitimacy, not a defence of greed, and it is worth reading in that light. Friedman was asking who gave the manager the right.

Michael Jensen, the Harvard financial economist, put the same concern in the language of management a generation later. In the abstract of his paper on the corporate objective function he writes that "since it is logically impossible to maximize in more than one dimension, purposeful behavior requires a single valued objective function."[19] A firm told to maximise several things at once, on this view, has in effect been told to maximise nothing, because there is no rule for trading one goal against another, and a manager without such a rule cannot be held to account for any choice at all. Every decision can be defended by pointing at whichever stakeholder it happened to serve. Jensen's own answer was what he called enlightened value maximisation: pursue long-run value, and attend to stakeholders because long-run value depends on them.

This objection is right about something important. Purpose that cannot be measured becomes discretion, and discretion without measurement is a gift to whoever holds it.

The way through is a purpose specific enough to rank decisions. Mayer's formulation helps because it is built around named problems, and a named problem can be measured: homes heated, patients treated, tonnes not emitted, apprentices trained. A purpose that excludes some profitable business gives the board exactly the trade-off rule Jensen said was missing. It does not tell directors to balance everything. It tells them which thing comes first. The British Academy's principles add a second half: performance should be measured against the purpose, and profits should be reported net of the cost of the harm the company causes.[16]

It is worth noticing how close this answer comes to Jensen's own. Enlightened value maximisation asks managers to pursue long-run value. A purpose sentence with a named problem and a named harm says which long run, and on whose behalf. The disagreement narrows to a question of what gets written down.

Santa Anna's reading of the Balanced Scorecard, in the Luminous 100, makes a related move. The four perspectives of Kaplan and Norton's scorecard, he argues, are not a menu of equal goals but a living system whose parts depend on one another, so that "the scorecard's true "balance" is developmental coherence, not just metric diversification."[20] Coherence is a stricter test than balance. It asks whether the measures point the same way, and whether the one that develops the organisation's capacity, which in the scorecard is learning and growth, is treated as the engine of the others rather than as one item among four. A board that holds itself to coherence has the single direction Jensen asked for without collapsing it into a single number.

Two: the statement is a press release

The second objection is empirical and recent. On 19 August 2019 the Business Roundtable, an association of chief executives of large American companies, published a new Statement on the Purpose of a Corporation signed by 181 of them.[21] It committed the signatories to delivering value to customers, investing in employees, dealing fairly and ethically with suppliers, supporting the communities in which they work, and generating long-term value for shareholders. It was widely read as the end of shareholder primacy.

Lucian Bebchuk and Roberto Tallarita, of Harvard Law School, then looked at what the signatories did. In "The Illusory Promise of Stakeholder Governance" they conducted, in their own words, "a conceptual, economic, and empirical analysis of stakeholderism and its expected consequences," and concluded that stakeholderism "is an inadequate and substantially counterproductive approach to addressing stakeholder concerns."[22] Their empirical work examined whether the commitments were followed by the changes in governing documents, director pay and board processes that a real change of objective would require, and they reported very few. Their argument is that stakeholderism, as practised, mainly serves to protect managers from shareholder pressure while giving stakeholders nothing they can enforce.

Mayer replied in a short paper whose title states his position: "Shareholderism versus stakeholderism – a misconceived contradiction."[23] Trade-offs, he argued, are present in shareholder governance as well as stakeholder governance, and making judgements among them is a board's ordinary work rather than an impossible burden. The exchange is worth reading in full, because both sides agree on more than their titles suggest. Neither thinks a signed statement changes a company.

Bebchuk and Tallarita's paper is a study of one statement by one group of companies at one moment. It is a law-review analysis, not a long-run study of firm outcomes. Within those limits it is persuasive. A promise that changes no document, no pay plan and no right of anyone outside the company is a press release.

The way through is to write the purpose where it binds. A purpose clause in the articles, a director's duty owed to it, a pay plan that measures it, and a party outside management who can enforce it. That last element is the one most often missing and the one Mayer's work emphasises: a foundation, a trust, an employee owner, a mission-locked shareholder. Santa Anna's sentence is the shortest version of the point: "Culture doesn't float free of structure."[17] A reader can test any company's purpose, including her own, with one question: if the managers ignored it tomorrow, who could stop them, and with what?

Three: patience shelters the comfortable

The third objection turns patient capital against itself. If owners cannot sell and managers cannot be removed, the company is free to think long-term. It is also free to drift, to over-pay its executives, to keep a failing division open for sentiment, and to be badly run for a generation without consequence. The market for corporate control is harsh, but it is also how a badly run company changes hands. Remove the threat of sale and you remove one of the few forces that reliably reaches a complacent board.

This concern has a specific form in two common structures. Dual-class shares give founders voting control with a minority of the capital; critics argue that the benefit of founder vision fades over time while the cost of entrenchment grows, and have proposed that such structures expire after a set period. Industrial foundations raise a subtler version. Henry Hansmann, of Yale Law School, and Steen Thomsen, of Copenhagen Business School, studied the governance of Danish foundation-owned firms.[24] Their starting point was a puzzle they state in their abstract: previous studies had found, "surprisingly, that companies con-

trolled by industrial foundations are, on average, as profitable as companies with conventional patterns of investor ownership." How are companies with no owner who can sell, and no owner who takes the profits personally, kept efficient? Rather than comparing foundation firms with investor-owned ones, they compared foundations with each other. Their answer turned on what they called managerial distance: foundation-owned companies did better where the foundation's board was separated from the company's management, so that the people who oversee the company are not the people being overseen.

That is the important finding, and the house draws a lesson from it: patience is not the same as absence. Read this way, the best long-horizon owners are present and demanding; they simply judge on a longer clock.

The way through is distance and a clock. Separate the body that holds the purpose from the people who run the company. Give long-horizon control a review date, a sunset, or a trigger: a set number of years after which ordinary voting returns unless the holders of the purpose vote to renew. Measure managers on the purpose over a period long enough to matter and short enough to act on.

Bosch is an instructive example of the first element. Its foundation holds roughly ninety-four per cent of the capital and, by the company's own account, does not steer the group's strategy; some ninety-three per cent of the votes sit with a separate industrial trust whose task is to exercise the owner's role, and the foundation funds its charitable work from the dividend it receives.[25] Chapter 6 reads that design in full. The point here is that the people who receive the money and the people who hold the votes are deliberately not the same people, and neither is the management.

Santa Anna's governance notes make the same distinction from the other side. The time-horizon problem, he writes, "is not a problem of individual virtue — it is a problem of institutional design."[26] Entrenchment is also a design problem, and it has design answers.

Four: short-termism is overstated

The fourth objection is the most technical. Some financial economists argue that the case against short-termism is built on anecdote and on a misreading of markets. Share prices, on this view, already reflect long-term prospects; companies that cut research to hit a quarterly target are punished for it; and the overall level of corporate investment is set by opportunities, not by impatience.

The evidence here is genuinely mixed, and a reader deserves the mix rather than a verdict.

On one side, Jeremy Stein's 1989 model in the *Quarterly Journal of Economics* showed that managers can behave myopically even when markets are perfectly efficient.[27] The mechanism is about signals. Investors cannot see directly whether low current earnings reflect investment or trouble, so they read low earnings as trouble, and managers who know this sacrifice some investment to keep earnings up. Everyone is rational, and the company still under-invests. John Graham, Campbell Harvey and Shiva Rajgopal's 2005 survey of

financial executives found that a majority would give up economic value to deliver smooth earnings, and that many would delay a project with a positive net present value to avoid missing an earnings target.[28] These are the executives' own answers about their own behaviour.

On the other side, Brian Bushee's 1998 study of research and development spending tested the two competing views directly.[29] Critics argue that the frequent trading of institutional investors encourages managers to cut research to meet short-term earnings goals; others argue that the large stakes and sophistication of institutions let managers focus on long-term value. Bushee found that institutional investors, taken as a whole, made managers less likely to cut research to reverse an earnings decline, not more. The pressure came from a particular kind of owner: institutions with high portfolio turnover and momentum trading strategies. Where those owned a very large share of a company, managers were more likely to cut. Short-termism, on this evidence, is not a property of markets in general. It is a property of particular owners.

The way through is to choose the owners. Bushee's finding turns an abstract debate into a practical one. A listed company cannot control who buys its shares, but it can affect which investors it attracts: by declining to give quarterly earnings guidance, by reporting the measures that matter to its purpose, by speaking to long-term holders first. Chapter 8 follows the companies that tried the first of these and what the research found. A private company, a family firm or a household makes the choice directly every time it takes money from someone. The question is never only *how much* and *at what price*. It is also *on what clock does this money expect to be repaid, and what will it want from us if the clock runs short?*

The four objections, run on one company

Objections are easier to use when they are aimed at something particular. Chapter 2 worked through a composite company, invented for teaching: a regional heating installer with about two hundred staff, a family as its main owner, and a purpose sentence in its third draft, which names warm, safe and affordable homes in its region and refuses to profit from selling a household a system that costs more over its life than the one the company would choose for itself. Here is what each objection does to it.

Accountability. Can the sentence rank a decision? Mostly, yes. It ranks the regional contract above the distant one and the efficient system above the cheap one. It does not yet say how the board will know whether it is succeeding. The answer the board settles on is two measures reported every quarter beside the accounts: the average expected running cost, over fifteen years, of the systems installed that quarter, and the share of customers still served by the company five years after installation. Neither is perfect. Both are numbers a director can be asked about, which is what Jensen's objection requires.

Purpose-washing. Does the sentence bind? At the start, no. It is in the annual report and on the vans. The family writes it into the articles, which costs a lawyer's afternoon. The sales team's commission, which was paid on installation value, is changed so that a fifth of it depends on the fifteen-year running-cost measure. And the family's largest shareholder, the founder's daughter, is given the explicit right in the shareholders'

agreement to call a meeting if the measure worsens two quarters running. Now there is someone outside management who can enforce the sentence, and a reason for the sales team to care about it.

Entrenchment. Does the patience have a clock and a distance? The family's control is the patience, and there is a real risk that it becomes comfortable. The managing director is the founder's son-in-law. The board agrees two things. An independent director with no family tie chairs a short annual review of the company against its purpose. And the protections in the shareholders' agreement lapse after ten years unless the family votes to renew them, with the vote minuted along with its reasons.

The owners' clocks. Who supplies the capital, and on what clock? The family's equity runs on a generation. The company's bank facility is reviewed annually and carries a covenant on the ratio of debt to annual profit. In a bad year, that covenant is the shortest clock in the company, and it governs. The board's response is not to change banks at once. It is to open a conversation with the bank about a longer tenor for the part of the facility that funds training and service vans, and to write down, in advance, which long-clock spending would be protected if the covenant came under pressure.

None of these changes is dramatic. Each took a meeting or two and a page of drafting. Together they turn the sentence from something the company shows into something it runs on, which was the gap chapter 1 began with. And each was prompted by an objection. The critics did the specification work for free.

What the four have in common

Read together, the objections describe the conditions under which purpose fails. It fails when it is too vague to rank decisions, when nobody outside management can enforce it, when patient owners become absent ones, and when the company's money comes from people on a shorter clock than its work. Each is a gap in structure.

Santa Anna's book frames failure in a similar way. Of the extractive firm, he insists that its harms come from the system rather than from bad people: "Not because they're evil. Because the system has severed the feedback loop that would normally connect action to consequence."[17] The purposeful firm is not exempt from that logic. A purpose with no feedback loop, no measure that tells the board how it is doing and no owner who will act on the answer, is as cut off from consequence as any quarterly target. In his workbook on the keystone effect, he writes of fragmented systems generally: "When you operate from fragmented thinking in an integrated reality, the reality eventually sends feedback. And the feedback has been getting louder."[30]

The four objections are some of that feedback. They are worth hearing in full because each tells a designer where to put a beam.

There is a second thing the four share, and it matters for chapter 4. Each objection, in its own way, is about time. Accountability is about the period over which a manager can be judged. Purpose-washing is about

the gap between the day a statement is signed and the day it would have to cost something. Entrenchment is about how long a shield lasts. Short-termism is about time by name. The answers to all four are, at bottom, ways of setting clocks: a measure reported on a stated cycle, an enforcement right that outlasts the current management, a sunset on a protection, an owner whose holding period matches the work.

The finer points, for a leader

Four habits follow, one for each objection.

Write the trade-off rule. Under the purpose sentence, write the one or two things that come first when the purpose and this year's profit disagree, and the one thing that never gives way. Take it to the board and ask each director to name a past decision it would have changed. If nobody can, the rule is not yet specific enough.

Name the enforcer. For each commitment in the purpose, name the person or body outside management who can enforce it. If the answer is nobody, the commitment is a hope. Some firms solve this with a mission-locked share, some with a foundation, some with an employee trust, some with a lender's covenant. The form matters less than the fact that the enforcer exists and knows it.

Set the clock. For any structure that shields the company from short-term pressure, write a review date. Patience that has to be renewed is still patience; it is also accountable. The review should ask one question of the shield: what has it allowed us to renew that we would otherwise have drawn down?

Map the owners by horizon. List who supplies the company's capital, debt included, and the period each expects to wait. The list is often surprising. Many companies with patient shareholders have impatient lenders, and the lender's clock governs in a bad year.

The finer points, for a household

The same four objections apply at the kitchen table. A family's stated purpose for its money is often vague. Nobody outside the family enforces it. Long-term savings sometimes become a place nobody looks. And the household's own capital frequently comes from lenders on very short clocks, a card balance or an overdraft. None of this is advice about what to buy or hold. It is the same structural reading at smaller scale: name the purpose specifically enough to decide with, decide who will hold the household to it, review it on a date, and know which of the household's commitments are owed on a shorter clock than the life they are meant to support.

Santa Anna's book insists that the inner work and the outer structure belong together, and the household is where that is easiest to see. The structural changes and the steadier nervous system, he writes, "are two hands of a single body, reaching toward the same horizon."[17] A household that writes its purpose and also lowers the temperature of its money conversations is working with both hands.

The Tool: The Purpose Stress Test

Run this on a company, a fund, a family's money, or your own. One page. An hour.

1 · The purpose, in one sentence

2 · Objection one: can it rank a decision?

- A profitable opportunity this purpose would refuse: _____
- The trade-off rule when purpose and this year's profit disagree: _____
- The measure of the purpose itself, reported how often: _____

3 · Objection two: does it bind?

WHERE THE PURPOSE APPEARS	YES / NO
The articles, partnership deed, trust deed or will	
The duties of the directors or trustees	
The largest pay or bonus plan	
A right held by someone outside management	

- If management ignored it tomorrow, who could stop them, and how: _____

4 · Objection three: is patience present?

- Who holds the purpose, and are they separate from those who run the company: _____
- The review date or sunset on any shield from short-term pressure: _____
- The last time the long-term owner asked a hard question, and what it was: _____

5 · Objection four: who are the owners, and on what clock?

SOURCE OF CAPITAL (EQUITY, LOAN, CARD, INVESTOR, FAMILY)	AMOUNT	EXPECTED PERIOD BEFORE REPAYMENT OR RETURN	WHAT THEY CAN DO IF THE PERIOD RUNS SHORT

- The shortest clock in this table: _____ months
- The longest-lived thing the purpose depends on: _____ years
- If the first is much shorter than the second, the one change that would lengthen it: _____

6 · The verdict

Strong on: __ · weakest on: _ · *the one structural change to make this quarter:* ___

Where a beam goes

A builder who has heard four objections to a design does not abandon the building. She walks the plan with each objection in turn and marks where a beam is needed. Chapter 4 reads the problem of time horizons as a living system, which is where Santa Anna's book is most its own. Two of the beams marked here, the employee owner and the owner who speaks rather than sells, are taken up in *Owning the Work* and *The Embedded Market*.

Four objections, four marks on the plan, and a house that stands more squarely for every one of them.

CHAPTER FOUR

Two Clocks in Every Company

A well in August

A farmer whose well has always given water does not measure the aquifer beneath it. The pump runs, the tank fills, the crop is watered. If more land goes under irrigation, the pump runs longer and the tank still fills. Nothing in the daily experience of the farm says that the water is coming from a store laid down over centuries and refilled, each year, by a fraction of what is now being drawn. Then one August the pump draws air.

Ammanuel Santa Anna uses this image in his manuscript on the costs of the machine metaphor in business. A firm that systematically underinvests in the long-cycle assets that generate its future earnings, he argues, is consuming the ecology that sustains it, and its earnings can look healthy the whole time it does so. He ends the passage on the point that matters for anyone reading a set of accounts: "the yield can be maintained until, suddenly, it cannot."[31]

Chapters 2 and 3 set out Colin Mayer's argument for corporate purpose and the strongest objections to it. Both stayed close to the language of law and finance, because that is where the argument has been conducted. This chapter reads the same territory through the house's own lens, the living-systems reading developed in . Its claim is that short-termism is not a failure of character but a mismatch of clocks: the period over which a decision is judged is shorter than the period over which the asset it draws on regenerates, and patient capital is any arrangement that brings the two clocks back into line. Read that way, purpose and patient capital stop being moral preferences. They become the ordinary maintenance of a living system.

The rest of the book leans on this chapter. The evidence in chapter 5, the cases in chapters 6 to 8, the field manual in chapter 9 and the measures in chapter 10 all assume the two clocks. It is worth taking slowly.

Two clocks

Every productive asset has a regeneration time. A stand of timber has one, measured in decades. A fishery has one, set by the age at which fish breed. A research programme has one: the years between the first experiment and the product on the shelf. So do the less visible assets on which most companies now depend:

the trust of a long customer, the tacit skill of a team that has worked together, a reputation, a culture in which people say what they see.

Every decision also has a clock: the period over which the person who makes it will be judged. For a listed company this is often a quarter, sometimes a year, and for an executive's share awards three to five years. For a fund manager it may be the annual ranking against peers. For a lender it is the covenant test. For a household it is often the month.

Santa Anna's manuscript on regenerative governance places the relation between these two clocks at the centre of the problem. He writes: "The time horizon problem is the most structurally consequential feature of governance design. Chapter 4 established that extraction becomes self-defeating when the time horizon of the decision-maker is shorter than the time horizon over which the productive asset regenerates. This is not a problem of individual virtue — it is a problem of institutional design."[32]

The same manuscript names what governance owes a firm's long-cycle assets, and it is a demanding list. Governance, he writes, "must sustain the capacity for renewal across all four capital types simultaneously and across time horizons long enough for feedback loops to close."[32] The four are the financial, the relational, the knowledge and the structural. Of the second, which most balance sheets do not show at all, he adds that the network of trust "be actively maintained rather than passively assumed."[32] A reader does not need the rest of the framework to use the sentence. Trust that is assumed is trust being drawn down.

Ecology has a word for the line between the two clocks. It is yield. A fishery can be harvested indefinitely at a rate below its rate of renewal, and anything taken above that rate is paid out of the stock. The northern cod off Newfoundland is the case every student of the subject meets. The stock that had fed a fishery for centuries fell so far that in July 1992 the Canadian government declared a moratorium on fishing it, and tens of thousands of people in Atlantic Canada lost their work.[33] Fisheries scientists have argued for three decades over the weight of each cause, overfishing, the assessments that guided the catch, changes in the ocean itself, and the house does not settle that argument here; Ransom Myers, Jeffrey Hutchings and Nicholas Barrowman's 1997 study in *Ecological Applications* is one of the principal contributions to it.[33] What is not in dispute is the shape. The catch was set by people judged on a season and a budget. The fish bred on a clock of years.

A company is not a fishery, and the analogy should not be pressed into figures it cannot support. The structure of the decision is the same. When the people who decide are judged faster than the asset renews, the asset pays the difference, and the accounts record the payment as profit.

The loop that settles toward decline

The aquifer has a second lesson, and it is the one that makes short-termism hard to leave once it has begun.

A farm drawing down its aquifer earns more for a while. If it has borrowed against those earnings, the debt has to be serviced from the same water. When the yield falls, the farm must draw harder to meet the payments, which lowers the water further, which makes next year's yield smaller. The farm is in a loop, and every turn makes the next turn tighter.

Santa Anna describes the corporate version precisely. "The machine model's time horizon problem is self-reinforcing," he writes. Short-horizon governance produces decisions that deplete long-horizon capacity; depleted capacity makes the firm more dependent on short-horizon extraction to meet its commitments; and that dependence compresses the horizon further. In the systems language of his manuscript the loop is balancing, but "it equilibrates not toward renewal but toward managed decline."[32]

This reading has a practical consequence that the moral vocabulary around short-termism misses. A company caught in the loop cannot leave it by resolving to be more patient. Each quarter's pressure is real, because the commitments behind it are real: the interest, the dividend the market has priced in, the bonus pool that keeps the best people from leaving. It leaves the loop only when something outside the quarterly cycle changes. An owner absorbs a weak year. A lender extends a tenor. A pay plan measures over five years instead of one. A purpose clause tells the board which asset it may not draw down without saying why. Patient capital, in this light, is not generosity. It is the outside support that lets a system in a declining loop rebuild its store.

The systems thinkers who taught a generation of managers to draw causal loops, Peter Senge chief among them, made the same point in another vocabulary: structure produces behaviour, and people placed inside a structure will reproduce its results whoever they are. The Luminous 100 carries Senge's systems thinking among its frameworks, and the house's reading of it agrees with this one. Change the loop, not the people in it.

There is a quieter consequence too. A loop that settles toward decline does not announce itself. Each quarter looks like a reasonable response to the quarter before. The board that approved a training freeze in a hard year approved it for good reasons, and the board that renewed it the year after did so because the results showed the freeze had not hurt. That is the loop speaking. It hurts later, on the other clock.

The body's own clock

The most distinctive part of Santa Anna's argument is that the clock a decision runs on is not only set by institutions. It is also set by the nervous system of the person deciding.

Ecstatic Economics gives a chapter to what scarcity does to the body, and its account of time is exact. Under threat, the autonomic nervous system shifts into mobilisation, and the future contracts. He writes: "Your time horizon collapses. The future shrinks to the immediate — this quarter, this month, this paycheck.

Long-term thinking feels like a luxury you can't afford."[34] He is careful to add that this is not a flaw of character. It is what a body designed for survival does when it believes survival is at stake.

The observation joins the institutional argument at a precise point. A board facing an activist, an executive with a share award vesting in eighteen months, a founder whose lender has called a covenant, a household one bill from an overdraft: each is a body under threat, and each has a shorter clock for physiological reasons before anyone has made a decision. Institutional patience and personal steadiness are therefore not separate subjects. A structure that removes the threat of a sudden sale lets the people inside it think on longer clocks, and people who can think on longer clocks make the decisions that patient structures exist to protect.

The book makes the converse point as well: under conditions of safety, it argues, the capacities needed for planning and weighing future consequences come back. The house claims no more for this than the book does. The physiology belongs to a field with live debates, and the account draws on polyvagal theory, whose claims are contested in the research literature.[34] The practical lesson is modest and useful. A leader who wants a long-horizon decision should take it where the people taking it are not afraid: not in the week of a profit warning, not in the meeting where jobs are being cut, not at the end of a month that has gone badly. Chapter 9 builds that into the field manual as a rule about when the long-clock decisions are scheduled.

Severed feedback

The book names a second mechanism that shortens horizons, and it is the one most relevant to capital. It is distance.

The modern investor can own a fraction of a company on another continent through a fund she has never read, managed by a model she has never seen. Santa Anna calls this "the severance of capital from consequence," and treats it as the financial version of the somatic dissociation his book examines in the body.[34] The harm is not that such investors are careless. It is that no signal from the asset reaches them except its price, and price is the fastest and shortest of all the clocks.

His remedy is structural. Looking across the alternatives his book surveys, from worker cooperatives to steward-owned firms to local investment networks, he finds restored feedback among their shared features: in each, the loop that connects an owner's decision to its consequence has been closed again.[34] The owner who sits on a foundation board, the worker who owns a share of the firm, the lender who walks the farm: each receives signals from the asset on the asset's own clock. The book puts the consequence in one sentence: "When you *feel* the impact of your economic choices — in your body, not just your mind — you make different choices."[34]

A reader in finance may find the language unfamiliar. The mechanism is not. Information that arrives on the right clock changes what is decided. A lender who visits the plant twice a year and knows the appren-

tices by name reads the same covenant test differently from one who sees only the ratio. The case chapters return to this: the Bosch industrial trust in chapter 6 and the John Lewis partners in chapter 7 are, among other things, arrangements for getting the asset's own signal to the people who decide.

Who is in the room

If short-termism is a mismatch of clocks, the first practical question is whose clocks are represented when a decision is made. The classical instrument for that question is the stakeholder map, which plots the parties to a decision by their power and their interest and assigns each a treatment. The Alpha Papers set out the instrument in full at.

The Luminous 100 upgrades the map in a direction that bears directly on time. It replaces the grid's first question with another: "Who are the living beings and systems affected by this decision?"[35] Some of those beings and systems run on long clocks: the next generation of employees, the river downstream, the town that will still be there when the plant closes, the customer who comes back in ten years if she is treated well now. They are rarely powerful in the grid's sense, and so the conventional map puts them in the corner marked *monitor*. The upgraded map asks what each relationship needs in order to be healthy, and that is a question about time.

Ecstatic Economics draws a related principle from Haudenosaunee governance, the practice of weighing decisions by their effect on the seventh generation. Santa Anna is careful about what the principle asks. He writes: "Seven-generation thinking doesn't mean we can predict the future perfectly. It means we *include the future in our moral horizon* — we recognize that the people who will live after us have a legitimate claim on the decisions we make today."[34] The same chapter asks readers to engage such traditions through relationship and credit rather than by borrowing a phrase. This book holds to that: the principle is cited for what it asks of a decision, not offered as a technique.

In practical terms, including the future means giving a long clock a seat. A foundation does it by charter. An employee owner does it by staying. A board can do it more modestly by naming, in the minutes of every major decision, which long-lived asset the decision draws on and how long it would take to rebuild. That one line in the minutes is the cheapest structural change in this book, and it is one of the candidate changes at the midpoint gate of the field manual in chapter 9.

Reading a set of accounts with two clocks

The lens becomes practical when it is turned on a real document. An annual report rarely shows regeneration times, but it usually shows enough to find the pairs that matter.

Begin with the lines that renew a long-clock asset. Training and apprenticeship spending, where it is disclosed. Research and development. Maintenance capital expenditure set against depreciation. Customer

service headcount. Staff turnover, which is the reverse of tacit skill. Supplier tenure, where a company reports it. None of these lines is complete and some are not reported at all. Together they are the nearest thing a public document offers to a reading of the aquifer.

Then put each beside the result it might be paying for. Margin beside training. Earnings per share beside research. Free cash flow beside maintenance spending. A result that improves while the line beside it falls is not proof of a draw-down, because a company can grow more efficient. It is a question to ask, and a board that asks it each year learns more about its company than one that reads the two lines on different pages.

Chapter 5 shows the arithmetic of a draw-down at the moment it is most tempting, the year before a sale. Chapter 10 turns the pairs into a set of measures a board can track. Here the point is only that the second clock is not invisible. It is merely kept on a different page.

A household on two clocks

The same reading works at the scale of a kitchen table, and it is often clearer there. Chapter 12 gives the household a whole chapter; this section sets out only the lens.

A household's long-clock assets are not hard to name. Health renews slowly once it is run down. So does a marriage, a friendship, a child's confidence at school, a parent's trust that someone will come. A skill that earns the family's income has a regeneration time too: a qualification lapses, a network thins, a trade moves on. Against these, the household's decision clocks are often very short. Rent is monthly, the card statement is monthly, and work paid by the hour is judged by the week.

The draw-down pairs are familiar to anyone who has lived through a hard year. Income rises while sleep falls. Savings hold while a parent's visits stop. The overtime is paid this month; its cost arrives in a later year and in another account. None of this is a moral failing, and the book's chapter on the body says so plainly: a household under threat shortens its clock for the same physiological reasons a board does.

What the lens offers is not a budget, and nothing here is financial advice. It is a question to put beside the budget each month: which long-clock asset paid for this month's result, and how long will it take to refill? A household that can name one patient party, a relative, a buffer, an employer with a longer view, has the advantage a company has when it finds one long-term owner. It has somewhere to stand while the slow store refills.

The finer points of reading two clocks

For a leader who wants to use the lens on Monday, five distinctions make it practical.

Regeneration time is not useful life. A machine has a useful life and is replaced. A team's tacit skill has a regeneration time: if it is dispersed, it does not come back by purchase. The register below asks for the second. When in doubt, ask the person who would have to rebuild the asset how long it would take, and write down the answer they give, not the one the budget would prefer.

Draw-down hides inside good results. The clearest sign of an aquifer problem is a result that improves while the asset behind it is not renewed: margins rising as training falls, sales rising as service is cut, earnings rising as research is deferred. Look for the pair.

Every clock has an owner. For each short clock, name who sets it: the analyst consensus, the remuneration committee, the lender, the card statement. A clock with an owner can be negotiated. A clock nobody owns is usually a habit, and a habit can be changed by the person who notices it.

One patient party is often enough. A system does not need every participant to be patient. It needs one party with a long clock and the standing to act on it: a foundation, a family, an employee trust, a single long-term lender. Find out who that party is in your organisation, or notice that there is none. Chapter 13 makes this the book's closing question.

Fear shortens the clock before policy does. Before asking whether the structure is patient, ask whether the people inside it are frightened. A long-term plan written in a frightened room will be a short-term plan with a longer title.

The Tool: The Two Clocks Register

Keep it as a single table, reviewed each quarter beside the accounts. Chapter 10 shows how to turn its trend column into measures; the workbook at the back of the book reprints it.

1 · The assets on long clocks

ASSET THE PURPOSE DEPENDS ON	WHAT RENEWS IT	REGENERATION TIME IF RUN DOWN (YEARS)	LAST YEAR'S SPEND ON RENEWING IT	TREND: RENEWED / HELD / DRAWN DOWN
A team's tacit skill				
Long customers' trust				
Research or product pipeline				
Reputation in the town or trade				
Land, water, materials				
For a household: health, a qualification, a child's schooling, a home				

2 · The decision clocks

WHO DECIDES	JUDGED OVER (MONTHS)	WHO SETS THAT CLOCK	COULD IT BE LENGTHENED, AND BY WHOM

3 · The mismatches

For each asset in part 1 whose regeneration time is longer than the clock of anyone in part 2 who can draw on it, write one line:

- Asset __ renews over _ *years; can draw on it and is judged over* ___ months.

4 · The draw-down pairs

List any result that improved last year while an asset in part 1 was drawn down:

- Result __ rose while ____ fell.

5 · The room

- Was this register reviewed in a meeting where people were afraid for their jobs or their year? yes / no
- If yes, the date it will be read again in a calmer week: ______

6 · The patient party

- The one party with a long clock and the standing to act: ______ (or: none)
- When did they last act on it, and how: ______

7 · The single change

- The one mismatch to close this quarter, and how (an owner, a tenor, a pay period, a purpose clause, a line in the minutes): ______

The water table

A farm that measures its aquifer does something simple and rare: it puts the slow clock on the same page as the fast one. It learns how much the ground refills in an ordinary year, it draws less than that, and in a dry year it draws less again. Nothing about this is heroic. The harvest is smaller in some years than it could have been. The well gives water in August.

Chapter 5 turns to the evidence: what the research shows when ownership and pay lengthen the clock, and a composite family firm worked through line by line. The house's reading of complexity in *The Economy That Keeps Becoming* and of regenerative economics in *The Second Brief* extends the systems view taken here.

The well gives water in August because somebody measured the water table in May.

A NOTE FROM THE HOUSE

Every company keeps two clocks: the one its decisions run on, and the one its people, customers and assets renew on. Where the first runs faster than the second, a gain is being drawn down that no quarter records. Luminous Prosperity Inc. reads both clocks inside organisations as a gainshare, and is paid as a share of the gain it helps find.

REQUEST A CONVERSATION

CHAPTER FIVE

When the Clock Lengthens



When the Clock Lengthens

HAUTE LUMIÈRE · THE LONG CLOCK · CHAPTER FIVE

A precise question

In 2017 Caroline Flammer, then at Boston University, and Pratima Bansal, at Western University in Canada, published a paper in the *Strategic Management Journal* that asked a question most of the debate

about short-termism had only asserted an answer to. If a company's executives are made to think longer, does the company become more valuable?[36]

The question is hard to answer because companies that choose long-term pay differ from companies that do not, and the difference, rather than the pay, may explain how they perform. Flammer and Bansal found a way round it. They studied shareholder proposals asking for long-term executive compensation that passed or failed by a very small margin of votes. Whether such a proposal passes with fifty-one per cent or fails with forty-nine is close to chance, so the companies on either side of the line are otherwise alike; in the authors' words, the passage of these close-call proposals "is akin to a random assignment of long-term incentives."[36] They found that adopting such a proposal led to an increase in firm value and in operating performance, together with more investment in innovation and in relationships with stakeholders. Their conclusion was that short-termism is a cost companies pay, not a neutral habit.

Chapters 2 to 4 made an argument: that a company's purpose and owners set its time horizon, that the serious objections to purpose are each answered by a structure, and that short-termism is a mismatch between the clock a decision runs on and the clock its assets renew on. This chapter asks what happens when the clock is lengthened in practice. The claim, stated plainly: the best evidence available suggests that longer horizons, whether set by pay or by ownership, are associated with more long-cycle investment and greater durability, and the evidence is strongest exactly where it is narrowest. It then reads two public cases briefly, since chapters 6 and 7 take them in depth, and works one composite through line by line.

Five studies and their limits

Each study below supports part of the argument and cannot show the rest. The house gives both, because a reader who will put her own company's future on a reading of the evidence deserves its edges as well as its centre.

Long-term pay, tested causally. Flammer and Bansal's design is the strongest in this list, because the close votes approximate a random assignment.[36] Its limit is scope. It concerns large listed American companies, shareholder proposals on pay, and one period. It shows that lengthening executives' horizons through pay can create value. It does not show that every route to a longer horizon does, or that the effect holds for private firms, or for firms outside the United States.

Foundation owners, observed. Steen Thomsen, Thomas Poulsen, Christa Børsting and Johan Kuhn studied Danish companies owned by industrial foundations, publishing in *Corporate Governance: An International Review* in 2018.[37] They report foundation ownership as highly stable compared with other ownership structures, and associate it with long-term governance and behaviour in the companies it owns: managers replaced less often, less financial leverage, and companies that survive longer. The limit is that the study is observational and Danish. Foundations may hold companies that would have been long-lived anyway, and Denmark's legal and tax setting is particular. Hansmann and Thomsen's earlier work, discussed in chapter

3, records that previous studies found foundation-owned firms to be, on average, about as profitable as conventionally owned ones, which is a weaker claim than outperformance and a more useful one: patience, in that setting, did not cost the owners their return.[38]

Listing and investment, compared. John Asker, Joan Farre-Mensa and Alexander Ljungqvist compared listed American companies with observably similar private ones, using a panel of private firms that the authors describe as covering more than four hundred thousand firm-years between 2001 and 2011.[39] Their abstract states the finding exactly: "compared with private firms, public firms invest substantially less and are less responsive to changes in investment opportunities, especially in industries in which stock prices are most sensitive to earnings news." In their own summary for a general audience they put the responsiveness gap at around four times. They read the result as consistent with short-termist pressure from public markets. Its limit, which later work has debated, is the identifying assumption the authors name themselves: that closely held private firms face fewer short-term pressures. Private and public firms differ in ways no matching method fully captures.

Executives' own answers. John Graham, Campbell Harvey and Shiva Rajgopal surveyed financial executives, as chapter 3 described, and found that a majority would give up economic value to deliver smooth earnings, and that many would delay a project with a positive net present value to avoid missing an earnings target.[40] The limit is that it measures what executives say they would do, not what they did.

Slow prices for slow assets. Alex Edmans studied the companies named among the hundred best places to work in America and found that, over the following years, their shares earned returns above those of comparable benchmarks.[41] He read this as evidence that the market did not fully value employee satisfaction even when it was publicly observable. The finding matters to this book because it shows a long-clock asset, the trust and commitment of a workforce, being recognised by the market only slowly. Its limit is that it concerns one list, one market and one period, and that a reader cannot tell from it whether satisfaction produced the returns or whether well-run firms produced both.

Read together, the studies point one way and leave gaps. None of them shows that patience is always wise; a patient owner of a dying business is still the owner of a dying business. What they show is that, on average and in the settings studied, the clock matters, and that it can be changed by pay and by ownership. The rest of this book builds on that much and no more.

What the evidence cannot yet tell you

There is a second set of limits, and they concern the reader rather than the studies.

The evidence is almost entirely about large companies. The firms most readers run, own or advise are smaller, and in smaller firms the clocks are set less by markets than by a handful of people: a founder, a lender,

a buyer in the wings. The mechanism this book describes is the same. The size of the effect, for any one firm, is unknown.

The evidence is about averages. A board deciding what to do with its own apprenticeship programme is not deciding for an average firm. It is deciding for itself, with its own sector, its own people and its own debts. The studies tell it that the direction of the argument is sound. They cannot tell it the answer.

And the evidence is about one kind of horizon at a time: pay in one study, ownership in another, listing in a third. Real companies change several clocks at once or none. Chapter 10 returns to this, because it is the reason a firm that lengthens its clock should write down in advance what it expects to see, so that it can learn from its own case rather than borrowing a conclusion from someone else's.

One more limit is worth naming because it cuts in the reader's favour. Almost every study here measures a horizon that was lengthened by somebody else: shareholders voting on a proposal, a foundation inheriting a stake, a firm deciding to list or stay private. None measures what happens when the people running a company decide, of their own accord, to read their accounts on two clocks. That is the change this book asks for first, and it costs nothing but attention. The evidence cannot vouch for it. It also gives no reason to wait for permission before trying it.

Two public cases, briefly

Two companies have become the standard illustrations of patient ownership, and both are taken in depth later in the book. Here they serve only to show that the structures the studies measure exist at scale.

Bosch. Robert Bosch GmbH describes its ownership on its own pages in a few figures.[42] The Robert Bosch Stiftung, a not-for-profit foundation, "holds roughly 94 percent of the share capital." Of the voting rights, "some 93 percent are held by Robert Bosch Industrietreuhand KG," an industrial trust that carries out the owner's role. The founder's descendants hold the remaining votes and, through a family company, about five per cent of the capital; the company itself holds about one per cent. The foundation receives most of the dividends and spends them on its charitable work; the company says it has no say in the group's strategy. Nobody who controls the company stands to sell it for personal gain, and the body that takes most of its dividends does not control it. Santa Anna's governance manuscript points to firms of this kind as evidence that such structures are not marginal: "These are not small firms — they are global market leaders in their respective categories — and their governance structures are directly implicated in their capacity for long-horizon innovation."[43] The house adds one caution, which chapter 6 develops. The claim that the structure causes the innovation is plausible and consistent with the Danish evidence, but no study cited here isolates it for Bosch.

Patagonia. On 14 September 2022 Patagonia announced that its founding family had transferred their ownership to two new entities.[44] The Patagonia Purpose Trust "owns all the voting stock of the company (two

percent of the total stock)," and the Holdfast Collective, a nonprofit, "owns all the nonvoting stock (98 percent of the total stock)." The company said it expected to "pay out an annual dividend of roughly $100 million, depending on the health of the business," to be spent on the environmental crisis. The press release's headline was "Earth is Now Our Only Shareholder." *Ecstatic Economics* names the problem this kind of transfer solves. Under steward ownership, Santa Anna writes, a company "belongs to itself — held in trust for its purpose, like a cathedral or a national park," and "No matter how successful the company becomes, no individual can cash out by selling it."[45] The arrangement is young, and the dividend is a projection the company tied to its own results. Chapter 7 reads it beside the oldest employee trust in Britain.

A composite: the cut before the sale

The public cases are large. Most readers run something smaller, and the decision they meet is usually more ordinary than a transfer of ownership. The case below is a composite built for teaching; the company is not real, and its figures were set by the writer to show the arithmetic.

A family-owned precision manufacturer employs about one hundred and forty people. Its annual revenue is twenty-eight million dollars and its operating profit one million nine hundred thousand dollars. Two lines in its costs run on long clocks. It spends two hundred and forty thousand dollars a year on an apprenticeship programme for machinists, which takes four years to produce a fully skilled worker. It spends four hundred and ten thousand dollars a year developing its next product line, which takes about six years from first prototype to sale.

The second generation of the family is considering a sale. An adviser points out that buyers in this sector often price companies at a multiple of operating profit, and suggests, for illustration only, a multiple of eight. At the current profit, that values the company at fifteen million two hundred thousand dollars.

The adviser then shows what happens if both long-clock lines are cut the year before the sale. Operating profit rises by six hundred and fifty thousand dollars, to two million five hundred and fifty thousand. At the same multiple, the company is valued at twenty million four hundred thousand dollars. The cut is worth five million two hundred thousand dollars to the sellers, provided the buyer treats the higher profit as permanent.

Read with two clocks, the same figures say something else. The apprenticeship renews the firm's skilled workforce on a four-year cycle; stopping it now leaves a gap that appears four years from now and takes four more to close. The product line renews the firm's revenue on a six-year cycle; stopping it means that in six years the company has nothing new to sell. The additional profit is not new value. It is the aquifer of chapter 4, drawn down and counted as yield. The buyer pays for it, and the employees and the town pay again when the gap arrives.

The family in this composite chooses differently, and the choice is structural rather than heroic. They write a purpose clause into the articles naming the region's skilled manufacturing jobs as part of what the company is for. They move control into a trust whose deed requires the apprenticeship and development spending to continue at no less than a set share of revenue unless the trustees record why. They lengthen the managers' bonus period from one year to five. They do not sell this year. Whether they are better off in money depends on things no worked example can settle: the sector's future, their own needs, what a buyer would have done. What the arithmetic makes plain is that the five million two hundred thousand dollars was never a gain. It was a transfer from the company's future to its present owners, and every party on the long clock would have paid for it.

Santa Anna's book names the moment this composite turns on. "Even the most mission-driven founder eventually retires," he writes, "and if the company's ownership can be sold to the highest bidder, years of vitality-centered culture can be dismantled overnight by a new owner with different priorities."[46] The composite family did not refuse to sell because selling is wrong. They refused to sell a drawn-down company at a price that counted the draw-down as earnings.

Lengthening pay without changing owners

Most leaders cannot change who owns their company. Many can change how its managers are paid, and the Flammer and Bansal result suggests that this alone moves the clock. Four design questions decide whether a pay plan is long or merely long-dated.

Over what period is the result measured? A share award that vests after three years but is measured on one year's earnings is a one-year plan with a delay. Measure the result over the period the asset needs.

What is measured? A plan that pays on profit pays for draw-downs, as the composite shows. A plan that pays on profit together with a measure of the long-clock asset, apprentices qualified, products in development, customer retention, pays for renewal as well as yield.

What happens after the person leaves? Deferred pay that is forfeited on departure keeps people; deferred pay that continues to vest against later results keeps their decisions honest. The second is rarer and more useful.

Who can change the plan? A plan the remuneration committee can redraw in a bad year has a clock as short as the committee's nerve. Write the rule for changing it into the plan.

None of this is a recommendation about any particular scheme, and nothing here is tax or legal advice. The point is that the clock a manager is judged on is a design choice, and it can be read and changed.

The household version of the cut

The same arithmetic appears in households, usually without a multiple and without an adviser to draw it. Chapter 12 works a household through a full year; this is the shape in brief.

Consider a second composite, again built for teaching: a household whose two adults earn between them a steady income and set aside each month a sum for one adult to finish a professional qualification over three years. In a tight year the course is paused and the monthly sum goes to the card balance. The month's accounts improve at once. The cost arrives later and quietly: the qualification that would have raised the household's earnings in year four now arrives in year six, if at all, and the two missing years of higher income are never counted anywhere as a loss.

Nothing here is advice, and some tight years leave no choice. The point is the shape. A household, like the manufacturer, has lines that run on long clocks, and in a bad month those are the lines that look most like savings. The two-clock reading does not tell a family what to do. It asks them to write down, before they cut, which future they are drawing on and how long it will take to refill, so that the decision is taken as a decision and not discovered as a gap.

The book makes the institutional point with a household's tenderness. Of the worker who owns a share of the firm, Santa Anna writes that what changes is what the body watches for: "The worker-owner's neuroception is scanning for threats *to* the organization — and mobilizing creative energy to address them."[46] A household that owns its long-clock lines, rather than treating them as the first expense to go, watches for the same thing. The house's book on employee ownership, *Owning the Work*, follows that change through the research on firms where it has been measured.

The finer points of reading a case

Four habits make a case useful rather than merely persuasive.

Separate the yield from the draw-down. In any profit improvement, ask which part came from new value and which from not renewing a long-clock asset. In the composite, all of it was draw-down.

Find the multiple in the room. Whenever a valuation multiplies this year's profit, every cut to a long-clock line is multiplied too. The larger the multiple, the stronger the incentive to cut before a sale, which is when the clock is shortest.

Write the counterfactual honestly. Public cases show what a structure made possible; they rarely show what would have happened without it. Say which you are claiming.

Ask what the study measured, not what it is cited for. Every study in this chapter is cited more widely than it reaches. Before relying on one, read its abstract and its sample, and write one sentence on what it cannot show about you. The Tool below has a line for it.

The Tool: The Owner's Horizon Review

Fill this in for a company you own, run or advise, or for a household's largest asset. Figures in your own currency, written out.

1 · The two lines on long clocks

LINE	ANNUAL SPEND	REGENERATION TIME (YEARS)	WHAT IS LOST IF STOPPED, AND WHEN IT SHOWS

2 · The cut arithmetic

- Current operating profit (or household surplus): _____
- Profit if both lines are stopped: _____
- Any multiple applied by a buyer, lender or valuer: _____
- Value at current profit: __ · value after the cut: _ · *difference:* ___
- Who receives the difference: __ · who pays it, and in which year: ____

3 · The structure

QUESTION	TODAY	ONE CHANGE THAT WOULD LENGTHEN THE CLOCK
Is the purpose written where it binds?		
Who controls the company, and could they sell it for personal gain?		
Who receives the profits, and do they control it?		
Over what period are managers paid for results, and on what measure?		
Is there a rule protecting the long-clock lines?		

4 · The evidence you are relying on

- The study or case closest to your situation: _____
- What it shows: _____
- What it cannot show about you: _____

5 · The decision

- Keep both lines / cut one / cut both: __ · reason in one sentence: ____
- Date to read this page again: _____

Ink on a ledger

In the composite, the decision is recorded in the trust deed in one line: the apprenticeship continues unless the trustees write down why it should not. It is an unremarkable sentence in a legal document. Four years later it is the reason there are machinists in the building.

Chapters 6 and 7 take the two public cases in depth, and chapter 8 turns to the clock most listed companies set for themselves, the quarterly guidance. *Ecstatic Economics* is kept at ; the history of how workforces have shared in the gains they build is in *The Gain Was Always Shared*.

CHAPTER SIX

The Foundation and the Trust

Three owners who cannot sell

Three of the most durable industrial companies in Europe have an unusual thing in common. Each is controlled by an owner that is not a person, does not take its profits for private use, and in practice does not sell. The optics and glass companies of Jena, now Carl Zeiss AG and SCHOTT AG, have been owned by a foundation since the 1890s. Robert Bosch GmbH has been held by a foundation since 1964. Novo Nordisk, the Danish pharmaceutical company, is controlled through an investment company owned by a foundation whose roots go back to 1922.

The three are cited so often in arguments about purpose that they have become a kind of shorthand, and shorthand loses the detail that makes a case useful. This chapter reads the three in their own published figures, separates what each source shows from what it is cited for, and asks the question a leader can take home: what, exactly, does a foundation owner do to a company's clock?

The answer, set out at the end, is not that foundations are virtuous. It is that each of these arrangements separates three things ordinary ownership bundles together, the right to the money, the right to decide, and the right to sell, and lengthens the clock by giving each of them to a different party. That separation can be borrowed by firms that will never have a foundation.

Ammanuel Santa Anna's *Ecstatic Economics* names two of these companies in its account of steward ownership and states the design aim plainly. Such structures, he writes, show that it is possible to build profitable, competitive businesses that are "structurally incapable of being captured by short-term financial interests."[47] The word that matters in that sentence is *structurally*. It is the same word chapters 2 and 3 kept returning to.

Jena, 1889

The oldest of the three begins with a scientist. Ernst Abbe was a physicist who had worked with the instrument maker Carl Zeiss in Jena and become his partner. After Zeiss died, Abbe did something that still reads as strange. The foundation's own chronology records it in a single line: on 19 May 1889, "Ernst Abbe founded the Carl-Zeiss-Stiftung."[48] Two years later Abbe transferred his shares in the optical works and in

the glassworks he had built with Otto Schott, and the foundation was entered in the commercial register as owner of Zeiss and of part of Schott. The rest of Schott followed in 1919.

The decisive document came in between. On 1 October 1896, in the foundation's words, "the revised statute of the Carl-Zeiss-Stiftung came into full force and effect," and it served as the corporate constitution of the foundation's companies for more than a century.[48] The statute did not only say who owned the companies. It said what they were for, how they were to treat the people who worked in them, and what the proceeds were to support. The foundation's own summary of its purpose is short: the main focus "remains on the promotion of science."[48]

In 2004 the arrangement was modernised. The companies were converted into joint stock corporations, Carl Zeiss AG and SCHOTT AG, and the foundation changed from one that ran the businesses directly into a shareholder foundation, the sole owner of both.[48] The change is worth noticing because it shows the structure adapting rather than freezing. A purpose written in 1896 was kept; the machinery that served it was replaced.

What the Zeiss case shows is longevity under one purpose across a period that included two world wars, the division of Germany and the reunification that followed. What the foundation's chronology cannot show is how much of the companies' success is owed to the structure and how much to markets, technology and the people in them. The house reads it as an existence proof. It is a long one.

Stuttgart, 1964

Robert Bosch founded his workshop in Stuttgart in 1886 and led the company until his death in 1942. He left instructions for the company's future ownership, and the arrangement his heirs and executors eventually settled on took its present form in 1964, when most of the family's shares passed to a body that became the Robert Bosch Stiftung. The foundation dates its own founding to that year.[49]

The company describes the result in a few figures.[50] The not-for-profit Robert Bosch Stiftung GmbH "holds roughly 94 percent of the share capital of Robert Bosch GmbH." A corporation owned by the Bosch family holds roughly five per cent, and the company itself roughly one per cent. The votes are distributed quite differently. "Of the voting rights, some 93 percent are held by Robert Bosch Industrietreuhand KG," an industrial trust that carries out the entrepreneurial functions of ownership. "The approximately 7 percent of voting rights remaining are held by the founder's descendants." The foundation, which holds almost all the capital, does not steer the group's strategy. It finances its charitable work from the dividend it receives.

Read slowly, the figures are a design. The party that receives most of the money cannot direct the company. The party that directs the company receives almost none of the money. And no party in the arrangement is in a position to sell the company for personal gain. Henry Hansmann and Steen Thomsen, whose study of

Danish foundations chapter 3 introduced, called the general principle managerial distance: in their Danish data, foundation-owned companies performed better where the owner holding the purpose was separated from the managers it oversees.[51] Bosch takes the principle a step further. It separates the money from the vote as well.

Santa Anna's governance manuscript cites firms of this kind as evidence that long-horizon structures are not a niche for small idealists. "These are not small firms — they are global market leaders in their respective categories — and their governance structures are directly implicated in their capacity for long-horizon innovation."[52] The claim is plausible and consistent with the Danish evidence in chapter 5. No study cited in this book isolates it for Bosch, and the house does not claim that one has. The case shows that the structure can sustain a global company over generations. It does not show the company would have done worse without it.

Copenhagen, 1922

The third case is the most commercially exposed of the three, because its operating companies are listed on the stock exchange and their shares trade every day.

The Novo Nordisk Foundation traces its history to 1922, when the Nobel laureate August Krogh returned from North America with permission to produce insulin in Scandinavia.[53] Today the foundation owns, through its wholly owned investment company Novo Holdings A/S, controlling stakes in Novo Nordisk and in Novonesis. The foundation's own figures, stated for the end of 2025, give Novo Holdings A and B shares in Novo Nordisk equivalent to "about 28.1% of the share capital and about 77.3% of the votes," and in Novonesis "about 25.5% of the share capital and about 63.4% of the votes."[53]

The mechanism is a split share class. A shares carry more votes than B shares, and the foundation's articles fix its position: "the Foundation must maintain a majority of the votes in the form of A shares in both companies," and it "should hold at least 25.5% of the two companies' share capital."[53] Most of the capital, in other words, belongs to ordinary shareholders who can buy and sell as they please. Control does not move when they do.

This is the case most useful to a reader running a listed or soon-to-be-listed company, because it shows a long clock living alongside a short one. The share price still moves on quarterly results. Analysts still publish forecasts. What cannot happen is the sale of the company by the people who trade its shares, because the votes that would approve a sale are held by an owner with a charter. Santa Anna's manuscript describes the arrangement in a sentence that names the mechanism without overstating it: the Novo Nordisk Foundation holds majority control through a structure that, in his reading, "directly embeds a long-horizon commitment into the ownership arrangement."[52]

The limits are as plain as the strengths. Dual-class control is the same tool chapter 3 examined under the heading of entrenchment, and it carries the same risk: a controlling owner can protect a poor management as easily as a good one. The foundation's protection against that risk is not in its share structure. It is in the separation, again, between the foundation's board and the companies' management, and in the foundation's own accountability for the charitable purpose it funds.

What a foundation does to a clock

Set side by side, the three cases share a pattern that can be stated without any of their particulars.

The right to sell is removed or held by a party with a charter. In Jena and Stuttgart, nobody can sell the companies for private gain. In Copenhagen, the votes needed to approve a sale belong to a body whose articles require it to keep them. The first effect on the clock is the one Santa Anna's book names as the exit problem. "Steward ownership locks the mission into the legal structure of the enterprise," he writes, "— ensuring that the company's vitality orientation survives any individual leader."[47] The shortest clock in an ordinary company is the moment a controlling owner decides to sell. These arrangements remove that moment.

The right to the money is separated from the right to decide. At Bosch the separation is almost complete. At Zeiss the foundation holds both but is bound by a statute on what the money is for. At Novo, most of the money belongs to market shareholders while the decision sits with the foundation. In each, the party that decides is not the party that would most benefit from drawing down a long-clock asset this year.

The owner has a purpose of its own. Science in Jena, a broad charitable programme in Stuttgart, research and health in Copenhagen. The owner's purpose is not identical to the company's, but it requires the company to keep producing returns for a very long time. A foundation that will need dividends in fifty years has every reason to protect the apprenticeship programme of chapter 5.

The owner is present. None of the three is a passive endowment. Each has a board, a staff and a reason to read the company's results. Chapter 13 calls this the role of the long-clock holder: a party with a long clock, the standing to act on it, and enough distance from daily management to judge it fairly.

A composite: the family that borrowed the separation

The three cases are large and old. The borrowing is easier to see in something small, and so here is a composite, built for teaching. The firm is not real and the details were set by the writer.

A third-generation family owns a regional bakery group with nine sites and about two hundred and thirty employees. Four cousins hold the shares equally. Two work in the business; two do not. Each year the board meets after the accounts are closed and decides the dividend, and each year the same argument takes place in a different coat. The cousins outside the business want a larger distribution. The cousins inside want to

keep money for ovens, for the training kitchen where new bakers learn the dough, and for the slow work of winning back two supermarket accounts lost three years ago. Nobody is wrong. The cousins outside have school fees and mortgages. The cousins inside can see the ovens.

The argument is a bundle problem. The same four people hold the right to the money, the right to decide and the right to sell, and each of them sits on a different clock. Every dividend meeting is therefore a negotiation between a twelve-month clock and a ten-year one, conducted by people who also have to sit together at Christmas.

The family does not create a foundation. It borrows three pieces of the separation. First, it writes a two-page family charter, a small statute, naming what the bakery is for: bread baked from scratch in the towns where it is sold, and a trade that can be learned in those towns. Second, it places the training kitchen and oven replacement under a fixed rule, a stated share of revenue each year, overseen by a committee of one family member, the head baker and an outside director who takes no part in the dividend decision. Third, it agrees that no cousin may sell shares to anyone outside the family without offering them first to the others at a price set by an independent valuer, with a notice period of one year.

None of this settles every argument. It moves the arguments to a better place. The dividend meeting now decides what to do with the money that is left after the long-clock lines are protected, and the cousins outside the business know in advance what that will roughly be. The outside director has the distance Hansmann and Thomsen describe and no stake in the year's payout. And the shortest clock in the family, the moment one cousin needs cash and could sell to a competitor, has a speed limit. Whether the bakery thrives depends on bread, rents, wages and supermarkets. What the family changed is the clock on which the bakery's slow assets are judged.

The composite also shows the cost, which the large cases hide. The cousins outside the business gave up something real: the freedom to sell to whoever would pay most, at the moment they chose. The family charter asked them to accept a slower and smaller exit in return for a business that would still be worth owning. Some families will not make that trade, and the book does not say they should. It says only that the trade exists, and that it can be made on purpose rather than by default.

What it cannot do

The cases are persuasive, and so it is worth being exact about what they do not establish.

They do not show that foundation ownership improves performance. The Danish evidence suggests foundation-owned firms are, on average, about as profitable as investor-owned firms, and longer-lived; it does not show they are more profitable, and it is Danish.[51] The three companies here were already successful when their owners were arranged, and they were chosen for this chapter because they survived.

They do not show that the structure is right for every firm. A foundation is a permanent decision. It removes from the founder's heirs the right to sell, which is real wealth, and it binds a company to a purpose that may age badly. Zeiss's own history shows that a statute must be revised to survive, and revision requires someone with the standing to propose it.

They do not show that long-horizon control is safe from its own failure. A foundation board can grow complacent, protect a weak management, or confuse its charitable mission with the company's. The protection is distance and accountability, and both have to be built deliberately.

And they do not show that the structure can be copied quickly. Each case took decades and was shaped by national law, tax and history. A reader in another country, with a smaller firm, will find that the legal forms available to her are different, and should take legal and tax advice before doing anything with them. Nothing in this chapter is that advice.

The separation, borrowed

Most readers will never create an industrial foundation. Many can borrow its logic, and the borrowing does not require a change of ownership.

Separate the money from the decision for one asset. A family firm can place a single long-clock line, the apprenticeship budget, the research programme, under the oversight of a committee that does not share in this year's bonus. A board can give a named director the duty to report on that line each year, with no stake in the year's profit.

Write a statute, even a small one. Abbe's statute was a document about what the company was for and how its people were to be treated. A shareholders' agreement or a board charter can carry a short version: the purpose sentence of chapter 2, the long-clock lines it protects, and the rule for changing it.

Remove the shortest clock by agreement. A family can agree among itself that no member will sell a controlling stake without a period of notice and a review against the purpose. That is not a foundation. It is a speed limit on the shortest clock, and it costs a meeting and a signature.

Make the long-clock holder present. Whoever holds the purpose, a trust, a family council, a single director, should visit, read and ask. Chapter 4 named this as restored feedback. A long clock held by someone who never asks a question is an absence.

The house's book on employee ownership, *Owning the Work*, follows a different separation: control and benefit shared with the people who work in the firm. Its book on the commons, *The Pasture Was Never Empty*, reads Elinor Ostrom's design principles for shared resources, and a reader who builds any of the borrowings above will find Ostrom's principles of clear boundaries and accountable monitoring useful companions.

The finer points

Read the votes and the capital separately. In every case in this chapter, the interesting figure is the gap between the share of capital and the share of votes. Ask it of any company you study, including your own.

Ask who can change the statute. A purpose that nobody can change will break; a purpose that management can change alone is a mood. The right answer is a named party, outside management, under a stated procedure.

Count the years, not the promises. Zeiss has more than a century; Bosch six decades; Novo's foundation structure more than half a century in its modern form. Newer arrangements, including Patagonia's in chapter 7, are promising and young. Weight them accordingly.

Notice who is paid by the dividend. In each case the dividend funds something the owner exists for. An owner who needs the company to pay for a long time has a reason to keep it healthy for a long time. That is the alignment, and it is more reliable than a pledge.

The Tool: The Steward Structure Sketch

One page, for a company you own, run or advise. It does not recommend a legal form. It shows where the three rights now sit.

1 · The three rights today

RIGHT	WHO HOLDS IT NOW	THEIR CLOCK (MONTHS OR YEARS)	COULD THEY USE IT TO DRAW DOWN A LONG-CLOCK ASSET THIS YEAR?
The right to the money (dividends, distributions, sale proceeds)			
The right to decide (votes, board appointments, vetoes)			
The right to sell control			

2 · The bundle

- Are any two of these rights held by the same party? Which: _____
- The shortest clock in the table: __ · held by: ____

3 · The statute

- Is there a written document that says what the company is for and binds those who hold the rights? yes / no · where: _____
- Who can change it, and by what procedure: _____

4 · The borrowing

Choose one, write the step, and date it.

BORROWING	THE STEP	DATE
Separate the money from the decision for one long-clock line		
Write a short statute into an existing document		
Put a speed limit on the sale of control		
Make the long-clock holder present (visits, reading, questions)		

5 · The honest note

- What this sketch cannot tell us (law, tax, family wishes, the sector's future): _____
- The adviser we will consult before any legal change: _____

A statute in a drawer

Abbe's statute was kept, revised and kept again for more than a century. It is not famous. It is the reason a foundation in Jena still funds science from the sale of lenses, and the reason the companies that make them have never had a moment when somebody could sell them to the highest bidder. Chapter 7 turns from foundations to two founders who handed their companies to a trust in their own lifetimes, one in California in 2022 and one in London in 1929 and 1950. *Ecstatic Economics* is kept at .

CHAPTER SEVEN

Handing It On

The founder's last decision

Every company that outlives its founder meets one decision that no strategy document anticipates. It arrives quietly, often in a solicitor's office, sometimes at a kitchen table, and it is always the same question: when I am no longer here, who will own this, and what will they be free to do with it?

Most founders answer it by selling. That is a reasonable answer and often a generous one; a sale can reward a lifetime of work and pass a company to owners better placed to grow it. It is also the moment the shortest clock in this book strikes. Ammanuel Santa Anna's *Ecstatic Economics* names it the exit problem, and states it in a sentence chapter 5 has already quoted: a founder eventually retires, and if the company can be sold to the highest bidder, years of culture "can be dismantled overnight by a new owner with different priorities."[54]

Chapter 6 read three companies whose ownership was settled into foundations, in two cases after the founder's death. This chapter reads two founders who settled the question in their own lifetimes and handed their companies to a trust while they could still watch what happened. One did it in California in 2022, in a single announcement. The other did it in London in two stages, in 1929 and in 1950, and the company he left is still owned the way he arranged it. Read together, they show the hand-over not as a gesture but as a piece of design, and they show what each design leaves open.

The claim of the chapter is narrow. A founder who wants a company's long clock to survive her can separate the vote, the money and the right to sell before she leaves, and the clearest cases of this are as notable for what they had to decide as for what they gave away.

California, 2022

On 14 September 2022 Patagonia, the outdoor clothing company Yvon Chouinard founded, published a press release under the headline "Patagonia's Next Chapter: Earth is Now Our Only Shareholder."[55] Its first figures are the whole design.

The Patagonia Purpose Trust "owns all the voting stock of the company (two percent of the total stock)." The Holdfast Collective, a nonprofit, "owns all the nonvoting stock (98 percent of the total stock)." Patago-

nia, the release says, "will pay out an annual dividend of roughly $100 million, depending on the health of the business," and the Collective "will use every dollar received from Patagonia to protect nature and biodiversity."[55]

The two entities do different jobs, and the release is precise about both. The Purpose Trust "exists to create a more permanent legal structure to enshrine Patagonia's purpose and values," and to help ensure "there is never deviation from the intent of the founder."[55] It elects and oversees the board. The Collective receives the money and spends it. The family does not disappear from the arrangement: "The Chouinard family will continue to sit on Patagonia's board," and will guide the Trust in "electing and overseeing Patagonia's board of directors" and the Collective in its philanthropic work.[55] The company remains a business. "Patagonia will remain a B Corp and continue to give one percent of sales each year to grassroots activists."[55]

Chouinard's own words in the release are short. "It's been a half-century since we began our experiment in responsible business," he says, and later: "Instead of extracting value from nature and transforming it into wealth, we are using the wealth Patagonia creates to protect the source."[55]

Read against chapter 6, the structure is a compact version of the Bosch separation. A small class of voting shares carries control and sits with a body bound to a purpose. A large class of non-voting shares carries the money and sits with a body that spends it on something the company's purpose also serves. Nobody holding either class can sell control for personal gain. The family keeps a voice, but not the right to cash out.

Santa Anna's book names Patagonia directly in its survey of steward ownership, describing a founder "who in 2022 transferred ownership of the company to a trust dedicated to fighting climate change" as perhaps the most visible example of the model.[54] The book's own principle for the model is the one the release puts into legal form: to "Adopt ownership models that separate profit extraction from control, ensuring that organizations serve their missions sustainably."[54]

What Patagonia's case cannot yet show

The house gives the limits plainly, because the case is now cited so often that its age is forgotten.

It is young. The arrangement is three years old as this is written. A purpose trust's real test is the first chief executive who did not know the founder, the first hard decade, the first time the board must choose between the dividend the Collective expects and the investment the company needs. None of that has happened yet in public view.

The dividend is a projection. The release ties it to "the health of the business." It is not a commitment and should not be quoted as one.

The cost is not stated. The release does not discuss taxes, and press commentary at the time debated the tax treatment of the transfer. The house does not settle that debate here and makes no claim about it. A reader

considering anything similar needs advice on her own jurisdiction's law and tax; nothing in this chapter is that advice.

And the case cannot show the counterfactual. Patagonia was already a company with a strong purpose and a founder who had resisted a sale for decades. Whether the trust will hold the company's clock longer than his presence did is exactly what the next twenty years will show.

London, 1929 and 1950

The older case is less famous outside Britain and more instructive, because it has had nearly a century to show what happens after the founder.

John Spedan Lewis was the son of the founder of a London drapery business. As a young man running the family's Peter Jones store he became troubled, as the Partnership tells its own history, by the gap between what the owners took and what the staff earned. He spent much of his life closing it, and he closed it in two legal steps.[56]

The first came in 1929. Spedan Lewis transferred his shares in the businesses he controlled, John Lewis, Peter Jones and the Odney estate, to trustees, so that profits would go to the trustees for distribution among the people who worked there rather than to him.[56] He did not give up control. He kept the practical direction of the business for another two decades, which is the part of the story most often left out. The first settlement moved the money. It did not yet move the decision.

The second came on 26 April 1950, which the Partnership marks as the date the Second Trust Settlement took effect. Spedan Lewis transferred all his remaining shares and gave ultimate control to a new company, John Lewis Partnership Trust Limited, "whose trustees include the Chairman, Deputy Chairman and the three Trustees of the Constitution."[56] At the council meeting that marked the change, a Partner named Enid Lockett put the result in a sentence the Partnership still quotes: "The Partnership now in essence and in fact belongs to all employed in it."[56]

Today the business describes itself as "one of the oldest employee-owned businesses in the UK," and states the trade-off it believes the structure allows: "Being owned by our Partners, rather than shareholders, allows us to prioritise what matters most – our customers."[57] Its purpose, in its own current words, is "to work in partnership for a happier world."[57]

What the Partnership's case shows, and does not

Seventy-five years after the second settlement, the John Lewis Partnership is the longest-running large-scale demonstration in Britain that a company can be owned in trust for the people who work in it and still trade in a hard market. That is what it shows.

It does not show that the structure protects a company from difficulty. The Partnership has had hard years in public, including years in which it paid its Partners no bonus, and the retail sector it trades in has changed beneath it. A trust owner does not make a business immune to its market. It changes who bears the consequences and who decides how to respond.

It does not show that employee ownership is better than other forms. The house's book on employee ownership, *Owning the Work*, reads the research on that question, which is more careful and more mixed than either side of the argument usually allows.

And it does not show that the structure was easy. It took Spedan Lewis twenty-one years and two settlements to move first the money and then the decision. The slowness was not a failure. It was the design.

The two-stage hand-over

Set beside each other, the two cases show something the shorthand hides. A hand-over is not one decision. It is at least two, and a founder can take them in either order or together.

Move the money. Decide who will receive what the company earns once the founder no longer does. In 1929 Spedan Lewis moved it to trustees for the staff. In 2022 the Chouinards moved it to a nonprofit for the planet.

Move the decision. Decide who will choose the board and hold the purpose. Spedan Lewis kept it for twenty-one years before moving it in 1950. Patagonia moved it on the same day as the money, but the family kept a seat in the room.

Remove the sale. In both cases the final arrangement leaves no party able to sell control for private gain. That is what lengthens the clock. A company whose control cannot be sold cannot be drawn down before a sale, which is the moment chapter 5's composite manufacturer met.

Each step has its own risk. Moving the money without the decision can leave a founder in control of a company whose profits she no longer receives, which is stable only while she is present. Moving the decision without the money can leave a purpose-holder with authority and no stake, and chapter 3's objection about accountability returns. Removing the sale without building a present, informed owner produces the absent patience Hansmann and Thomsen warned about.[58] The good hand-overs are the ones that take all three steps and build the owner who will hold them.

Two beneficiaries, one clock

The two cases differ in the most obvious respect: who benefits. John Lewis's trust holds the company for the people who work in it. Patagonia's arrangement sends the money to a nonprofit for the natural world.

It is tempting to read them as two philosophies, one about workers and one about the planet, and to choose between them.

Read through the two clocks of chapter 4, they are closer than they look. In each, the party that benefits from the company over the long run is a party whose interest runs on a long clock. Partners who expect to work in the business for decades want it healthy in twenty years. A nonprofit that expects a dividend each year for as long as the company trades wants it healthy indefinitely. Neither beneficiary gains from a drawdown this year that is paid for in a decade. That shared feature, more than the identity of the beneficiary, is what lengthens the clock.

It also tells a founder what to look for when she chooses her own beneficiary. The question is not only whom she wishes to reward. It is whose interest runs as long as the assets the company depends on. A family that wants to cash out in three years, a buyer who plans to resell in five and a fund that must return capital in seven are all legitimate owners. None of them is on the company's long clock.

The body of the owner

Santa Anna's account of why the structure matters is not only legal. It concerns what ownership does to the people inside the company.

His book's description of worker ownership is physiological. "The nervous system of a worker-owner is fundamentally different from the nervous system of a wage employee," he writes, and the worker-owner's attention turns outward, "scanning for threats *to* the organization."[54] Of the change in the people at Mondragón's cooperatives, he puts it more simply: "This felt ownership changes everything."[54]

The book is equally plain about the limits of its own example. It records that Mondragón "has faced serious challenges, including the 2013 bankruptcy of its appliance division, Fagor Electrodomésticos — a failure that tested the cooperative model severely and produced real suffering for the worker-owners involved."[54] That sentence is worth keeping beside the John Lewis story. Ownership in trust changes who watches the long clock. It does not stop the clock running down if the market turns.

In the language of chapter 4, a trust owner is an arrangement for restoring feedback. The people whose skill and trust are the company's long-clock assets are, in John Lewis's case, the owners' beneficiaries and voters. In Patagonia's case, the beneficiary is the natural world the company's purpose names, and the Trust is charged with keeping the company's decisions aligned with it. Either way, the signal from the slow asset reaches the people who decide.

For a founder, in an ordinary company

Neither case is a template, and a founder of a twelve-person firm should not imagine she needs a purpose trust and a nonprofit. What she can take is the order of questions, and the order costs nothing to answer.

Write down what the company is for after you. Chapter 2's purpose sentence, written by the founder for the company's next owners, not for this year's staff. It is a different sentence, and usually a shorter one.

Decide who will receive the money. The family, the staff, a cause, a buyer, or some mix. Write the mix down before a buyer arrives and makes the decision for you.

Decide who will hold the decision. A board, a trust, a family council, an employee body. Write down who appoints whom.

Decide whether control may be sold, and on what terms. A full sale, a sale only to a buyer who accepts the purpose, a sale only after a period of notice, or no sale. Each answer sets a different clock.

Give yourself a second settlement. Spedan Lewis took twenty-one years between moving the money and moving the decision. A founder can plan two stages deliberately: one now, one at a date, with what must be true before the second.

Take advice. Every choice above has legal and tax consequences that differ by country, and some of them are irreversible. The house gives none of that advice.

The house's book on the history of gainsharing, *The Gain Was Always Shared*, is a companion for the founder whose question is not ownership at all but how the people who build the company share in what it gains. *Ecstatic Economics* is kept at .

A composite: the workshop in two settlements

The case below is a composite built for teaching. The firm is not real, and its details were set by the writer to show the order of decisions rather than any figure.

A founder in her early sixties runs a joinery and fitting workshop she started thirty years ago. It employs thirty-one people, eleven of whom have been with her more than fifteen years. Two competitors have asked about buying it. Her children work elsewhere and do not want to run it. The workshop's long-clock assets are plain to anyone who walks through it: the skill of the senior joiners, who take five or six years to train a new hand to their standard; the reputation with three architects' practices that send most of the work; and a building the business owns outright.

Her first instinct is the ordinary one. She asks an adviser what the business would fetch. The adviser, reasonably, asks what profit it makes and notes that the training of two apprentices costs the firm a noticeable sum each year. She recognises the conversation from chapter 5. If she cuts the apprentices for a year before selling, the price rises, and the gap appears five years later in someone else's hands.

So she takes the questions in the order this chapter sets out. She writes the purpose for the next owners in one sentence: the workshop exists to make fitted joinery to a standard the region's architects can rely on, and to train the people who will keep making it. She decides the money first. Over the next three years, a

share of profit each year goes to a trust for the staff, and she takes the rest as she always has. She keeps the decision. She writes down what must be true before she moves it: two senior joiners willing to sit on a board, an outside director the architects trust, and three years of accounts showing the apprenticeship continued.

At the end of the third year she signs the second settlement. Control passes to an employee trust whose deed names the purpose sentence and forbids the sale of control without a vote of the staff and a period of notice. She stays on the board for two years more, then leaves it. The building is held by the trust and leased to the company.

What the composite cannot tell anyone is whether she is better off in money than she would have been after a sale; that depends on the price she was offered, the terms of the trust, her own needs and her country's tax law, and she took advice on all of it. What it shows is the shape. She moved the money first and the decision second, kept the long-clock assets intact while she did it, built the owner who would be present, and removed the moment when the company could be drawn down before a sale. It is Spedan Lewis's order at the scale of a workshop.

A household's hand-over

The same questions arise at home, usually without the word *settlement*. A family that owns a house, a small business, a parcel of land or a set of savings meant for a purpose faces the founder's question when a parent ages: who will hold this, and what will they be free to do with it?

The order of this chapter works there too, and nothing in it is legal or financial advice. Write down what the asset is for after the present holder: a home for whoever needs one, a business for the child who wants it, a fund for the grandchildren's education. Decide who will receive what it yields. Decide who will make the decisions about it, which is often a different person from the one who receives the benefit. Decide whether it may be sold, and on what terms. Then take advice, because the legal forms and tax consequences are particular to each place.

The households that do this well tend to do what Spedan Lewis did: they take two steps rather than one, and they talk about the second before it is taken. Chapter 12 returns to the household in full.

The finer points

Read the release, not the coverage. Patagonia's arrangement is described in its own words in one press release. Much commentary describes it inaccurately, in both directions. Quote the company.

Date the decision and the money separately. For any hand-over you study or plan, write the date the money moved and the date the decision moved. In John Lewis's case they are twenty-one years apart, and the gap is the lesson.

Look for the founder's seat. In both cases the founder or the family kept a role for a time. Ask what that role is, how long it lasts and what happens when it ends.

Count the years. Seventy-five years after the second settlement is evidence. Three years after a transfer is a promise. Weight them accordingly, and write which you are relying on.

The Tool: The Hand-Over Ledger

For a founder, a family or a board considering what happens to control. One page; revisit it each year.

1 · The purpose after us

- What this company is for, written for its next owners: _____
- The long-clock asset it must never sell to pay for a hand-over: _____

2 · The three rights, now and after

RIGHT	HELD NOW BY	TO BE HELD AFTER THE HAND-OVER BY	DATE IT MOVES
The money (dividends, distributions, proceeds)			
The decision (votes, board appointments)			
The sale of control			

3 · The stages

- First settlement (what moves, when): _____
- Second settlement (what moves, when): _____
- What must be true before the second stage: _____

4 · The founder's seat

- The role the founder or family keeps: _____
- For how long, and what ends it: _____

5 · The owner who will be present

- Who will read the accounts, visit, and ask hard questions after us: _____
- How they are kept at a distance from daily management: _____

6 · The honest note

- What we do not yet know (tax, law, family wishes, the market): _____
- The advisers we will consult, and by when: _____

Two signatures

The two settlements of the John Lewis Partnership are dated twenty-one years apart. Each is a signature on a page, and neither looked like much on the day it was signed. The first moved the money and left the founder in charge. The second moved the decision and left him a Partner. Seventy-five years later the company still sets its hours by the second one.

Chapter 8 turns from the owners who set a company's clock to the clock most listed companies set for themselves: the quarterly forecast, and what happened when one of the largest companies in Europe stopped giving it.

CHAPTER EIGHT

The Quarterly Question

A sentence in a results statement

On 5 February 2009, in the depth of the financial crisis, Unilever published its results for the previous year. Its new chief executive, Paul Polman, had been in the post a few weeks. The statement carried a sentence that, in the language of results statements, was unusually blunt: "Given the current economic uncertainty I believe it would be inappropriate at this stage to provide an outlook specifically for 2009 or to reaffirm the 2010 targets."[59] He added that he was confident in the underlying strength of the business and expected, "over the longer term," to deliver "very competitive levels of growth and margin improvement."[59]

The sentence has since been retold as the moment one of the largest consumer-goods companies in the world stopped playing the quarterly game. In the retellings, Polman abolished earnings guidance and quarterly reporting on his first day and told short-term investors to take their money elsewhere. Some of that may be so; the retellings come from interviews and features, not from the company's filings, and the house has not found the primary record of each claim.[60] What the primary record shows is narrower and, for a reader, more useful. A company under pressure declined, in writing, to set itself a short clock it could not honestly keep, and said instead that it would be judged over a longer one.

This chapter reads that decision, and the evidence on what happens when companies make it, through the two clocks of chapter 4. Its claim is deliberately modest: the quarterly forecast is a clock a listed company sets for itself, the evidence does not show that stopping it lengthens a company's horizon on its own, and the decision helps only when it is part of a deliberate change in who the company speaks to and what it measures. That claim is less exciting than the legend. It is more use on a Monday.

The clock a company sets for itself

Most of the clocks in this book are set by other people: an owner who might sell, a lender with a covenant, a remuneration committee. Earnings guidance is different. It is a forecast a company publishes of its own future results, often quarter by quarter, and once it is published the company is judged against it. The clock is voluntary. It is also very hard to stop once started, because markets read silence as news.

Ammanuel Santa Anna's manuscript on regenerative governance describes the mechanisms that shorten a listed company's horizon as a set that work together: "quarterly earnings disclosure requirements, analyst coverage calibrated to quarterly cycles, executive compensation tied to share price over periods of three to five years, and the liquidity premium that markets award to firms whose performance is predictable over short intervals." He draws the consequence in the next sentence: "These mechanisms interact to produce a systematic bias toward decisions that generate near-term financial results at the expense of long-horizon productive capacity."[61]

Guidance sits at the centre of that set, because it ties the others together. Analysts calibrate to it. Share-based pay responds to the share price, which responds to whether guidance is met. And chapter 3 described the survey in which financial executives told researchers they would give up economic value, and delay worthwhile projects, to avoid missing an earnings target.[62] A target the company has set for itself is the most visible one there is.

So the case for stopping is easy to state. If the company does not publish the target, it cannot be tempted to cut a long-clock line to meet it. Santa Anna's manuscript puts the logic in a sentence: "by declining to commit to short-horizon financial targets, management preserves the authority to make long-horizon investments."[61] That sentence is the hope. The research asks whether it comes true.

What the research found

Two studies published within a year of each other examined American companies that announced they would stop giving quarterly earnings guidance. Both are careful, both are limited, and both reach findings that the legend leaves out.

Joseph Houston, Baruch Lev and Jennifer Wu Tucker, in *Contemporary Accounting Research* in 2010, asked why companies stop and what follows.[63] Their abstract is direct. They find that "poor operating performance" (decreased earnings, missed analyst forecasts and lower anticipated profitability) "is the major reason firms stop quarterly guidance." After stopping, they "do not find an appreciable increase in long-term investment once managers free themselves from investors' myopia." The alternative forward-looking disclosures that stoppers might have offered instead "are curtailed." And the information environment worsens: analyst forecast errors and dispersion rise, and analyst coverage falls. Their conclusion: "guidance stoppers are primarily troubled firms and stopping guidance does not benefit either the stoppers or their investors."

Shuping Chen, Dawn Matsumoto and Shiva Rajgopal studied the same question in a paper later published in the *Journal of Accounting and Economics* in 2011.[64] The abstract of their working-paper version, which is the version the house could read, describes seventy-five firms that publicly renounced quarterly guidance between October 2000 and October 2004. It reports that the stoppers had poor trailing earnings and stock-return performance; that their shares fell on average 3.8 per cent over the three days around the an-

nouncement; that after stopping, "analyst forecast dispersion increases and forecast accuracy decreases"; and that there was no change in overall stock-return volatility or analyst following.

A third, later study sharpens the picture rather than reversing it. Beatriz García Osma, Encarna Guillamón Saorín and Facundo Mercado, in the *Journal of Business Finance & Accounting*, examined whether guidance pushes managers to manipulate real activity to hit their own numbers.[65] Their abstract reports that quarterly guidance, on their large sample of American firms, "is informative and lowers myopic incentives," while guidance appears problematic in infrequent guiders, in firms issuing good-news guidance, and where earnings pressure is high.

What the research cannot show

Each study is honest about its limits, and the house adds a few of its own.

They study the companies that stopped, and the companies that stopped were mostly in trouble. That is the central finding of the first study, and it is also its central limit. A troubled company that stops guidance to avoid announcing bad numbers is not the same as a healthy company that stops guidance to lengthen its clock. The evidence is mostly about the first kind, because the first kind is most of the sample.

They measure what follows over a few years. The long-clock assets this book cares about renew over longer periods than the studies follow. A firm that stopped guidance and then rebuilt its research pipeline over eight years would not appear in their results as a success.

They are American, and mostly from the early years after a change in American disclosure rules in 2000. Unilever was a European company, in a crisis, under a new chief executive, and its case is not in their samples.

And they test one change at a time. Stopping guidance alone, the research suggests, does little for investment and costs something in market information. It does not test the combination this book recommends: stopping the short clock, publishing measures of the long-clock assets in its place, and speaking first to owners on a longer clock.

The fair reading is therefore not that stopping guidance is good or bad. It is that stopping guidance is a small structural change that does not do the work of a large one, and that a company which uses it as a substitute for the large one should expect the outcomes the research records.

Bushee's finding, again

Chapter 3 introduced Brian Bushee's study of research and development spending, which found that the pressure to cut research to meet earnings came not from institutional investors in general but from a par-

ticular kind: those with high portfolio turnover and momentum-trading strategies.[66] That finding is the key to reading the guidance research usefully.

A company that stops guidance changes the signal it sends. It does not, by that alone, change who receives the signal. If its shares are held mostly by investors on short clocks, those investors will read silence as bad news and act accordingly; the 3.8 per cent fall in the Chen, Matsumoto and Rajgopal sample is what that looks like. If its shares are held mostly by investors on long clocks, the same silence may cost very little, because those investors were not trading on the quarterly number in the first place.

So the quarterly question is really a question about owners. Chapter 4 called it the question of whose clocks are represented in a decision. Santa Anna's book names the underlying problem in its account of distance between capital and consequence. "When investors cannot *feel* the impact of their investments," he writes, "they make decisions that a somatically connected human being would never make."[67] Guidance is one of the few channels a listed company controls through which it can choose what its investors feel: a quarterly number, or a reading of the assets on which the next decade depends.

Reading Unilever's sentence

With the research in hand, the Unilever sentence reads differently from the legend, and better.

It was not a refusal to be accountable. The same statement reported the year's results in full and named the measures on which the company expected to be judged "over the longer term": growth and margin. It declined one specific clock, a forecast for a single year in a crisis, and kept the others.

It was made by a company with an unusual base of owners and a long history, not by a firm in trouble trying to hide a miss. That places it outside the population the research mostly studied.

And it was costly at the time. The share price fell on the day, as the press reported.[60] Any leader who reads the Unilever case as proof that markets reward the abandonment of guidance has read only the end of the story the retellings choose to tell. What the case can be taken to show is that a large company can decline a short clock, accept the immediate cost, and remain a large company. Whether it did better in the long run because of that decision is a counterfactual nobody can test.

The house reads the sentence as an example of a company choosing which clock it would be measured on. That choice is available to every listed company. It has costs, and the research names them. It has a precondition, which is a reason to be believed, and the precondition is the subject of the rest of this chapter.

What to put in the silence

If stopping a forecast alone does little, the work is in what replaces it. Four replacements follow from the two clocks, and none depends on the company being large.

Publish the long-clock measures. Replace the quarterly forecast with a short set of measures of the assets on which the purpose depends, reported on the clock they renew on: apprentices qualified, products in development by stage, customer retention, staff turnover, maintenance against depreciation. Chapter 10 sets out how to choose them so they cannot easily be gamed. The research found that stoppers curtailed other forward-looking disclosure. The point here is to do the opposite.

Speak to long holders first. Identify the owners on long clocks and give them the company's reasoning before anyone else. A listed company cannot choose who buys its shares, but it can choose whom it addresses, and it can make its long-clock reporting the thing those holders come for.

Explain the change before making it. Silence that arrives unannounced reads as bad news. A change explained a year in advance, with the replacement measures already published alongside the forecast, gives the market time to learn a new clock.

Change the pay at the same time. If executives are still paid on a one-year earnings number, stopping the forecast removes the public target and leaves the private one in place. Chapter 5 set out the four design questions for pay. Ask them in the same board meeting.

For a private company, a family firm or a household, the quarterly question arrives in another form: the monthly management accounts that the lender asks for, the target the owner set last January, the budget that is checked every four weeks. The same four replacements apply. Decide which of the short clocks you set for yourself, which you can stop, and what you will read instead.

The household's quarterly question

A household rarely publishes a forecast, but it often keeps one, and it often judges itself against it. The monthly budget is a household's earnings guidance. It is useful, because months are real; rent and food are monthly. It is also a clock that can crowd out every longer one.

The same lesson applies, and nothing here is financial advice. Stopping the monthly check would not help; the research suggests that abandoning a short measure without replacing it simply makes things harder to see. What helps is adding the long-clock reading beside it: once a quarter, the household asks the question of chapter 4, which long-clock line paid for this quarter's result, and how long it will take to refill. The budget stays. It stops being the only clock in the house. Chapter 12 builds this into a household's year.

The finer points

Ask why before asking whether. The research found that most companies stop guidance because their results are poor. Before stopping, write down why you are doing it. If the honest answer is that the next number is bad, the research suggests the market will reach the same conclusion.

Replace, do not remove. A forecast removed leaves a gap that the market fills with suspicion. A forecast replaced by better measures of the long-clock assets fills the gap with information.

Read the owners' clocks. Before any change in what you report, list the largest holders and estimate how long each expects to hold. The same change means different things to different owners.

Expect the cost. The research records falls in share price, wider disagreement among analysts and lower coverage. Plan for them. A leader who promises the board that the change is free has made the kind of forecast the change was meant to end.

One clock at a time. As chapter 13 will say again, a system absorbs one lengthened clock at a time. Stopping guidance, changing pay and changing reporting in a single quarter is a reorganisation, and reorganisations shorten everyone's clock while they last.

The house's book on Hirschman's exit and voice, *The Embedded Market*, reads the choice an investor makes between selling and speaking up, which is the choice on the other side of every guidance decision. *Ecstatic Economics* is kept at .

The Tool: The Investor Clock Letter

A one-page letter a company writes to its owners and lenders, once a year, in place of or beside a short-term forecast. A private firm writes it to its family owners and bank; a household can write it to itself.

1 · The clocks we are declining

- The short-term forecast or target we will no longer publish or be judged on: _____
- Why we are declining it, in one honest sentence: _____
- What we expect it to cost in the short run: _____

2 · The clocks we will be measured on

LONG-CLOCK ASSET	MEASURE	REPORTED HOW OFTEN	REGENERATION TIME (YEARS)	LAST YEAR	THIS YEAR

3 · Our owners and their clocks

OWNER OR LENDER	APPROXIMATE SHARE OR AMOUNT	EXPECTED HOLDING PERIOD	WHAT THEY CAN DO IF THE PERIOD RUNS SHORT

4 · What we ask of them

- The period over which we ask to be judged: _____ years

- What we will tell them each year, and when: _____

5 · What we have changed alongside

- Pay: the period and measure on which executives are now judged: _____
- Reporting: the measures added: _____
- The date we explained the change before making it: _____

6 · The honest note

- What the evidence says about changes like this, and what it cannot show about us: _____
- The date we will read this letter again: _____

A forecast not given

The sentence in Unilever's results statement is twenty-seven words long. It declined a forecast and gave a reason, and the sentence after it named the longer clock on which the company expected to be judged. By the press's account it cost the shares something on the morning it was published. It is remembered not because it was brave but because it was rare.

Chapter 9 gathers everything in the book so far into a field manual: twelve weeks, step by step, for a leader who wants to change the clocks in her own organisation.

CHAPTER NINE

The Field Manual

Twelve weeks, on purpose

The first eight chapters of this book make an argument and test it against cases. This chapter is for running it. It sets out a twelve-week sequence a leader can follow in a company of almost any size, with no change of ownership and no new money, and it is written so that someone who has read nothing else in the book could begin on Monday with this chapter open on the desk.

Twelve weeks is a deliberate length. It is long enough to cover one full quarterly cycle, so that the sequence meets the short clock at least once and has to hold its ground. It is short enough that the people in the room can see its end, which matters because, as chapter 4 argued, a frightened room writes short plans whatever it calls them. A sequence with a visible end lowers the fear a little, and that is the first condition for the rest.

The sequence uses the Tools from the earlier chapters as its artefacts. Each week produces a page. By the twelfth week the company holds a short dossier: a snapshot of its horizons, a purpose sentence written where it binds, a stress test of that purpose, a register of its two clocks, a review of its owners' horizons, a sketch of where its three rights sit, a letter to its investors about the clock it keeps, and a register of predictions to judge itself against a year from now. None of the pages is long. Their value is that they exist, are dated, and are kept where the monthly numbers are kept.

Ammanuel Santa Anna's *Ecstatic Economics* gives the governing principle for the whole chapter in six words: "Culture doesn't float free of structure."[68] Every week below ends in a structural change, a line in a document, a name against a duty, a date in a calendar, however small. A week that ends only in a good conversation has not finished.

The four roles

Four people carry the sequence. In a small firm two of them may be the same person; in a large one each may be a small group. The roles matter more than the titles.

The sponsor. The person with authority to change the documents that govern the company: the chief executive, the managing partner, the owner-manager. The sponsor does not do most of the work. The sponsor's

job is to protect the calendar, to sign what needs signing, and to say aloud, at the start and at each gate, that the sequence is real. Without a sponsor the work becomes a project, and projects are cut in the first bad quarter.

The long-clock holder. The person or body who will hold the company's long clock after the twelve weeks are over. Chapter 13 describes the role in full: a party with a long clock, the standing to act on it, and enough distance from daily management to judge it fairly. In a family firm it may be a family council or the eldest active shareholder. In a listed company it may be a board committee or the chair. In a partnership it may be the senior partner who is not seeking re-election. If nobody fits, the first finding of the sequence is that the role is empty, and the twelve weeks become, in part, a search for someone to fill it.

The finance lead. The chief financial officer, the finance director, the bookkeeper in a small firm. The finance lead owns the numbers on every page and the honesty of the arithmetic. This role is essential because the two-clock reading is, at bottom, a reading of accounts, and because the finance lead usually knows where the draw-downs are long before anyone else does. A finance lead who is brought in at week ten to check figures will, reasonably, defend them. A finance lead who is in the room from week one helps find them.

The sceptic. One person whose stated job is to disagree. Chapter 3 argued that the strongest objections to purpose are a specification; the sceptic is the person who keeps them in the room. Choose someone respected, numerate and unafraid, and tell the whole group that this person has been asked to argue the other side. A sceptic appointed openly is heard; a sceptic who appears uninvited is resented. Give the sceptic a standing item at every gate and the right to have a dissent recorded on any page.

The four meet weekly for an hour and at each gate for two. Others are drawn in as the weeks require: a line manager who knows the apprenticeship programme, a long customer, the company's lawyer, a representative of the staff.

The calendar rule

Before week one, set one rule and write it at the top of the charter: long-clock decisions are taken in calm weeks.

Chapter 4 set out the reason. Under threat, the body's clock shortens before any policy does, and Santa Anna's book is plain about what that does to a decision: under financial threat, he writes, the time horizon collapses to "this quarter, this month, this paycheck."[68] A company does not control when threats arrive. It does control when it schedules its gates.

So the sponsor looks at the coming quarter and marks the weeks that are likely to be hard: the close of the quarter, the week of the results, the week of a lender's covenant test, the week of a known restructuring.

No gate is placed in those weeks. If an unplanned crisis arrives in a gate week, the gate moves. The working sessions may continue; the decisions wait.

The same chapter of the book adds the reason this matters for the people in the room as well as the decision on the page. Santa Anna summarises a body of research on workplaces in one line: "human beings do their best economic work from a state of vitality, not anxiety."[68] The house does not lean on that research for more than it can carry. The rule costs nothing and removes one known source of short decisions.

Weeks 1 and 2 · The snapshot

Purpose of the weeks. To see the company's horizons as they are, before anyone argues about what they should be.

Week 1. The four roles meet. The sponsor states the sequence, its end date and the calendar rule. Each of the four fills in the Horizon Snapshot from chapter 1 separately, without discussion, then the four compare. The differences are the first finding. A sponsor who believes the company's longest-lived asset is its brand, and a finance lead who believes it is its plant, are describing two different companies, and both need to be heard before anything is written.

Week 2. The four produce one agreed snapshot. Where they cannot agree, both answers are written down. The finance lead adds one table: the shortest clock on which anyone in the company is judged, and who sets it. The sceptic adds one line: the strongest reason to stop the sequence now.

The gate at the end of week 2. The sponsor decides whether to continue. This is a real decision, and it is better taken now than at week eight. If the snapshot shows no long-clock asset of consequence, or shows that the company is in a crisis that will dominate the quarter, the right answer may be to stop and return to the sequence later. The decision and its reason are written on the snapshot and dated.

The artefact. The Horizon Snapshot, agreed and signed by the four.

Weeks 3 and 4 · The purpose sentence

Purpose of the weeks. To write the company's purpose in a form that can rank a decision, and to find the document where it will bind.

Week 3. The group drafts the Purpose Sentence from chapter 2: the problem the company solves profitably, for whom, and the harm it will not profit from. Three drafts are normal. The test is the one chapter 2 gives: name one profitable thing this sentence would make the company refuse. A draft that refuses nothing is too wide. A draft that would refuse the company's core business is too narrow, or is telling the group something important.

Week 4. The sceptic runs the Purpose Stress Test from chapter 3 against the best draft. The four objections are taken in order: can it rank a decision, does it bind, is patience present, and on what clock is the company's money owed. Each weakness the test finds becomes a line in the charter's list of structural changes. The finance lead completes the table of capital sources and their clocks, debt included. Many companies find, at this step, that patient shareholders sit above impatient lenders.

The gate at the end of week 4. The sponsor chooses the one document in which the purpose sentence will first be written. In most companies the realistic choices are a board charter, a shareholders' agreement, the terms of the largest bonus plan, or the articles. The articles carry most weight and take longest; a board charter can usually be amended within the twelve weeks. Choose the document that can actually be changed before week twelve, and record the plan for the stronger one.

The artefacts. The Purpose Sentence, the Purpose Stress Test, and the name of the document.

Weeks 5 and 6 · The register

Purpose of the weeks. To put the slow clock on the same page as the fast one.

Week 5. The finance lead, with the line managers who know each asset, fills in the Two Clocks Register from chapter 4. The hardest column is regeneration time. Ask the person who would have to rebuild the asset how long it would take, and write down what they say. A training manager who says six years to rebuild a cohort of skilled technicians is giving the company information no budget contains.

Week 6. The four read the register's draw-down pairs aloud. This is the most uncomfortable meeting of the twelve weeks, and the most useful. Most pairs will be known to somebody. Some will be a surprise to everybody. The sceptic's job in this meeting is to test each pair: is this a draw-down, or a genuine efficiency? Both are possible. The register is not an accusation. Chapter 3 quoted the line from Santa Anna's book that should govern the tone of the room, about the harms of the extractive firm: "Not because they're evil."[68] The pairs are what a structure produced.

The gate at the end of week 6. The group chooses the one mismatch to close first. One, not five. Chapter 13 explains why: a system absorbs one lengthened clock in a quarter, and changing five at once is a reorganisation, which shortens everyone's clock while it lasts.

The artefact. The Two Clocks Register, with one mismatch circled.

Week 7 · The owners

Purpose of the week. To see who holds the company's money and votes, and on what clock.

The finance lead and the long-clock holder complete the Owner's Horizon Review from chapter 5, including the cut arithmetic: what profit would look like if the long-clock lines were stopped, and what any buy-

er's or lender's multiple would make of it. The point is not to tempt anyone. It is to know the size of the incentive the company is resisting, so that it can be resisted on purpose.

The same pair then fills in the Steward Structure Sketch from chapter 6, which shows where the right to the money, the right to decide and the right to sell control now sit. In most companies all three sit with the same party. That is not a fault. It is the reason the shortest clock in the company is usually the moment that party decides to sell.

There is no gate in week 7. It is a week for reading.

The artefacts. The Owner's Horizon Review and the Steward Structure Sketch.

Week 8 · The midpoint gate

Purpose of the week. To decide what the sequence will change, and to tell the people who need to know.

This is the longest meeting of the twelve weeks and should be scheduled in the calmest week of the quarter. The four review every artefact so far and agree three things.

The one structural change. From the register's circled mismatch and the stress test's weaknesses, the group chooses the single change the sequence will make before week twelve. Chapter 4 listed the usual candidates: a longer bonus period, a longer loan tenor, a rule protecting a named long-clock line unless a reason is recorded, a line in the minutes of every major decision naming the asset it draws on, a seat or standing item for one long-clock party.

The long-clock holder. If the role was empty at week 1, the group names who will hold it from week twelve, and on what terms. If the role was filled, the holder confirms what they will read, how often, and what they will do if the register shows a draw-down.

The conversations. The group lists every party who must hear about the change before it is made: the board, the lender, the family, the investors, the staff. Chapter 11 sets out each conversation, with a script. The sponsor assigns each one to a named person and a week.

The sceptic presents the case against at the start of the meeting, not the end. A dissent, if there is one, is written into the charter.

The artefact. The charter's middle page: the change, the holder, the conversations.

Weeks 9 and 10 · The conversations

Purpose of the weeks. To hold the conversations listed at week 8, and to revise the change in the light of what is heard.

Chapter 11 is the companion to these two weeks. The principle governing all of them is to bring the page, not only the argument. A board shown the register reads its own draw-downs. A lender shown the cut arithmetic sees why the company wants a longer tenor. A family shown the Steward Structure Sketch sees where the right to sell sits, and can talk about whether it should.

For a listed company, or any company with outside investors, week 10 is when the Investor Clock Letter from chapter 8 is drafted. It tells investors what clock the company intends to keep, which measures of the long-clock assets it will report, and on what schedule. The letter is not sent in week 10. It is drafted, reviewed by the company's lawyers and finance lead, and scheduled for the next regular reporting date, so that it arrives in the ordinary course rather than as an event.

A conversation that changes the plan has done its work. Record what was heard and what changed in the charter.

The artefacts. Notes of each conversation, the draft Investor Clock Letter where it applies, and the revised change.

Week 11 · The predictions

Purpose of the week. To write down, before the change is made, what the company expects to see.

Chapter 10 explains why this week matters more than it seems. Without predictions written in advance, any result a year from now can be read as success, and nothing is learned. The four fill in the Prediction Register: what the change should affect, by how much, by when, and what result would show it had failed. The sceptic writes one prediction of their own, the result they expect if the change does nothing.

The predictions are modest. A rule protecting the apprenticeship programme predicts, at most, that the programme's intake is held and its completion rate does not fall. It does not predict higher profit, and a register that predicts higher profit from a single structural change is promising more than any study in chapter 5 could support.

The artefact. The Prediction Register, signed and dated.

Week 12 · The signature

Purpose of the week. To make the change, in the document, and hand the long clock to its holder.

The sponsor signs the amended document: the board charter with the purpose sentence and the protected line, the bonus plan with its longer period, the minute template with its new line. The change is effective from a stated date. The long-clock holder receives the dossier and sets the first date on which they will read the register.

Then the group does one more thing that is easy to forget. It writes a single page for the people who work in the company, saying what was changed and why, in plain words. Santa Anna's book warns against the gap between what is said on a wall and what is felt in a room; a company that announces a value it does not structure, he writes, has made something "worse than useless — it's gaslighting."[68] The page is the opposite of the poster. It names a document, a date and a person.

The artefact. The signed document, the dossier handed to the holder, and the page for the staff.

When it stalls

Every sequence of this kind stalls somewhere. The common stalls, and what to do about each, are these.

The quarter turns bad. Results disappoint, a customer leaves, a lender calls. The calendar rule applies: working sessions may continue, gates move to the next calm week. Do not cancel the sequence in a bad week. Postpone the decision and say so in writing, with a new date.

The sponsor loses interest. This usually shows as missed meetings. The long-clock holder should raise it directly and early. If the sponsor will not protect the calendar, stop the sequence formally, record why, and keep the artefacts. A half-finished register is still a register, and the next sponsor will find it.

The register is too frightening. Sometimes the draw-down pairs reveal more than the group is ready to act on. The answer is not to soften the register but to narrow the change. One protected line is enough for a first quarter.

The sceptic wins. Sometimes the case against is stronger than the case for. That is the sequence working. Record the reasons, and close it. A company that has looked carefully at its clocks and decided to keep them as they are has made a decision, not avoided one.

The purpose sentence will not settle. If week 4 ends without a sentence the sponsor can sign, move on with the best draft and mark it as provisional. The register in weeks 5 and 6 often settles the purpose: once the group sees which long-clock assets it would protect at a cost, it knows more about what the company is for.

Psychological safety is assumed rather than present. If the people in the room will not say what they see, the register will be empty. Santa Anna's book is plain that this cannot be ordered: "But psychological safety is not something you can mandate through policy."[68] The practical remedy is small. The sponsor speaks last at every meeting. The sceptic speaks first. Dissents are written down without comment.

The year after

The twelve weeks change one thing. The year after keeps it.

Each quarter. The long-clock holder reads the Two Clocks Register beside the accounts and asks one question of management: which long-clock asset paid for this quarter's result? The answer is minuted.

At six months. The four meet once to compare the Prediction Register with what has happened. Nothing is concluded yet; chapter 10 explains why six months is too soon to judge most long-clock changes.

At twelve months. The four meet in a calm week, read the Prediction Register in full, and record a verdict: the change held, the change held but did nothing measurable, or the change failed. Then, if the verdict allows, they choose the next clock to lengthen and begin a second, shorter sequence. A company that does this each year for five years has changed five clocks without ever reorganising.

Each year, the purpose sentence. The sentence is read once a year by the board and the long-clock holder against one question from chapter 2: what profitable thing did it make us refuse this year? If the answer is nothing, either the company was fortunate or the sentence is not binding.

Santa Anna's book describes the enterprises that manage this well as being "clear about their values and flexible about their strategies."[68] The register, the predictions and the yearly change are the flexible part. The purpose sentence, written where it binds, is not.

For a smaller firm, or a household

In a firm of a dozen people the four roles may be two people and the twelve weeks may be six. The order holds: snapshot, purpose, register, owners, decision, conversations, predictions, signature. Chapter 12 adapts the same sequence for a household, where the documents are a purpose sentence and a one-page Household Horizon Page, and the patient party may be a relative, a neighbour or a credit union. Nothing in either version is investment advice; the sequence changes how decisions are taken, not what is bought or sold.

The Tool: The Twelve-Week Charter

One page at the front of the dossier. Fill in the top before week 1; the rest as the weeks go.

1 · The people

ROLE	NAME	THEIR OWN LONGEST CLOCK (YEARS)
Sponsor		
Long-clock holder (or: empty)		
Finance lead		
Sceptic		

2 · The calendar rule

- Long-clock decisions are taken in calm weeks. The hard weeks this quarter are: _____
- Gate dates (weeks 2, 4, 6, 8, 12): _____

3 · The weeks

WEEK	ARTEFACT	DONE (DATE)	DISSENT RECORDED?
1–2	Horizon Snapshot (chapter 1)		
3	Purpose Sentence (chapter 2)		
4	Purpose Stress Test (chapter 3) · document chosen: _____		
5–6	Two Clocks Register (chapter 4) · mismatch circled: _____		
7	Owner's Horizon Review (chapter 5) · Steward Structure Sketch (chapter 6) · Hand-Over Ledger if an ownership change is in view (chapter 7)		
8	The change · the holder · the conversations		
9–10	Conversations held (chapter 11) · Investor Clock Letter drafted (chapter 8)		
11	Prediction Register (chapter 10)		
12	Signed document · dossier to holder · page for the staff		

4 · The change

- The one structural change: _____
- The document it is written in: __ · effective from: ____

5 · The year after

- First quarterly reading of the register by the holder: _____
- Six-month comparison: __ · twelve-month verdict: ____
- The next clock to lengthen, if the verdict allows: _____

A page in the drawer

At the end of twelve weeks the company has changed one line in one document and handed a folder to one person. It is a small result for a quarter's work, and it is meant to be. The line is in a place that binds, the folder is in the hands of someone with a long clock, and a date is set on which somebody will read it again. Chapter 10 sets out how they will know whether it worked. *Ecstatic Economics* is kept at , and the house's

book on employee ownership, *Owning the Work*, takes up the case of a company where the long-clock holder is the workforce itself.

CHAPTER TEN

How to Know It Worked



How to Know It Worked

HAUTE LUMIÈRE · THE LONG CLOCK · CHAPTER TEN

A ledger opened before the year

A ship's navigator in the age before satellites kept a log by dead reckoning. Each watch she wrote down where she expected the ship to be: the heading, the speed, the hours run. When the coast came into view she compared the log with the land. The point of the log was not that it was right. It was that it had been

written before the coast appeared, so that the difference between expectation and fact could teach her something about the currents.

Most organisations measure a change the other way round. They make it, wait, look at the results, and then explain them. Whatever happened, a story fits. If margins rose, the long-clock work was paying off; if they fell, it was an investment in the future. A board that measures this way cannot be wrong, and so it cannot learn.

This chapter is about measuring the changes the rest of the book recommends: a purpose written where it binds, a clock lengthened, a long-clock party given a voice. Its claim is that a change to a company's time horizon can only be judged honestly if the prediction is written down before the result arrives, if what is counted is the renewal of long-clock assets rather than this year's profit, and if the reader is candid about how little one company's experience can prove. Chapter 9 sets the field manual's twelve weeks; this chapter is the instrument that tells a leader, a year or three later, whether those weeks did anything.

Ammanuel Santa Anna's *Ecstatic Economics* is unsparing about what a single measure does to an economy. Of gross domestic product he writes that the measure "literally cannot distinguish between activity that generates genuine prosperity and activity that destroys it."[69] A company's quarterly earnings have the same blindness at smaller scale. The composite manufacturer of chapter 5 raised its profit by six hundred and fifty thousand dollars in a year by stopping the two things that would have kept it alive. No line of the income statement marked the difference.

Why profit cannot be the test

It is tempting to judge a longer horizon by the thing the shorter horizon was protecting. If the company lengthened its clock and profit held, the change was safe; if profit fell, it was a mistake. That test fails for three reasons, and each one is worth stating because each is a common mistake in a boardroom.

Profit moves for many reasons. A change in prices, a currency, a customer's own fortunes or a competitor's error will swamp the effect of a pay plan or a purpose clause in any single year. A test that the weather can pass or fail is not a test of the change.

Profit rewards draw-down. As chapter 4 set out, the clearest sign of an aquifer problem is a result that improves while the asset behind it is not renewed. A company that stops drawing down will often see profit fall first, because it is now paying for renewal that it had been skipping. Judged on profit, the most successful lengthening of a clock will look, for a year or two, like a failure.

Profit arrives on the short clock. The point of the whole exercise is to protect assets whose renewal takes years. A measure read every quarter cannot report on something that changes every five years. The measure has to run on the asset's clock, not the accountant's.

None of this means profit stops mattering. A company that does not earn cannot renew anything, and the evidence in chapter 5 suggests that longer horizons are associated with value rather than against it. It means profit is one line on the page, read beside the lines that say what it cost.

Write the prediction first

The single most useful habit in this chapter costs nothing. Before a change takes effect, write down what you expect it to do, by when, and what you would see if you were wrong.

A useful prediction has four parts.

The change. Stated as a fact about a document or a decision: *the managers' bonus period was lengthened from one year to five on 1 March*; *the apprenticeship budget was written into the shareholders' agreement as a protected line*.

The expected movement. In a named measure, in a named direction, by a rough amount, by a date: *apprentices completing their qualification rise from four a year to six within three years*; *voluntary turnover among skilled staff falls below ten per cent within two years*.

The mechanism. One sentence on why: *because managers are no longer paid to cut the programme in a hard year*. A prediction without a mechanism cannot be learned from even when it comes true.

The disconfirming sign. What you would see if the change did nothing or did harm: *the programme is cut anyway, by a different route*; *turnover rises because the deferred pay is resented*.

Written this way, a prediction turns every change into a small experiment. When the date arrives the board reads the page, compares it with the facts, and writes one line on the difference. Over five or ten such pages a company learns something no study can tell it: how its own clocks respond to its own levers.

The house holds itself to the same discipline. The claims in this book are offered as a lens, and chapter 13 lists what the book does not show. A reader who keeps a prediction register will be in a position, within a few years, to say whether the lens was useful in her company. That is a better test than any argument in these pages.

What to count

The measures below are drawn from the tools in earlier chapters. None is perfect and several are rough. Together they give a board a reading of the second clock, and the reading improves each year it is kept.

The draw-down pairs. From the Two Clocks Register in chapter 4: each result that improved while a long-clock asset was not renewed. Count the pairs each year. A falling count is the plainest sign that the clocks are coming back into line. A rising count, in a year of good profit, is the sign to look for first.

The long-clock spend share. For each long-clock line, apprenticeships, research, maintenance capital, customer service, training, write its spending as a share of revenue, each year, on one row. Share is better than the raw figure because it does not flatter a growing company or punish a shrinking one. The trend matters more than the level, and a sharp fall in a year before a sale, a refinancing or a leadership change is the pattern chapter 5 warned about.

The regeneration-time estimates. Each year, ask the people who would have to rebuild each asset how long it would take. Write down their answers. The figures are judgements, not measurements, and that is acceptable so long as the same question is put to the same kind of person each year. A rising estimate means the asset has grown more fragile: the team is thinner, the knowledge sits with fewer people, the customers are newer.

Turnover where the tacit skill sits. Voluntary departures among the people who hold the hardest-to-replace skill, measured separately from turnover overall. A company can hold total turnover steady while losing its most experienced people. The second number is the one that renews on the long clock.

The tenure of long relationships. The share of revenue from customers of more than five years' standing; the share of critical supplies from suppliers of more than five years. These are slow measures, and slow is the point.

The patient party's activity. Chapter 13 makes the holder of the long clock the book's closing question. Count what that holder actually does: meetings attended, visits made, questions asked in writing, decisions it reviewed. Hansmann and Thomsen's work on foundations, discussed in chapters 3 and 6, found foundation-owned companies performing better where the foundation's board stood at a distance from management, which chapter 3 read as a sign that the best long-horizon owners are present and demanding. A long clock held by a party that never acts on it is an absence, and an activity count shows it.

The purpose in decisions. The number of significant board decisions in the year whose minutes record which long-clock asset the decision drew on, as chapter 4 recommended. The measure is crude. It also changes behaviour, which brings the chapter to its main hazard.

Goodhart's warning

In 1975 the economist Charles Goodhart observed, about monetary policy, that a statistical regularity tends to collapse once pressure is placed on it for purposes of control. The anthropologist Marilyn Strathern, writing about the audit of British universities in 1997, gave the idea the form in which it is now usually quoted: when a measure becomes a target, it ceases to be a good measure.[70]

Every measure in the list above can be gamed. A training budget can be spent on courses nobody needs. A turnover figure can be held down by making it hard to leave. A board's minutes can name a long-clock as-

set in every decision while changing none of them. The patient party can attend every meeting and ask nothing.

Three habits keep the measures honest.

Read the measures, do not pay on them, at first. Chapter 5 described how pay plans can include a long-clock measure, and they can. But a measure that is new, rough and unfamiliar should be read for at least a year before anyone's pay depends on it. A measure people are paid on stops being information.

Read them in pairs. Each measure is harder to game when it is read beside another that would move the other way if gamed. Training spend beside the share of trainees who qualify. Turnover beside the number of internal complaints. Long-clock spend beside the regeneration-time estimate. Chapter 4's draw-down pairs are already built this way.

Ask the people closest to the asset. The apprentices know whether the programme is real. The long customers know whether they are being looked after. A short annual conversation with each, recorded in a few lines, is the check that no figure can provide. Santa Anna's book argues that information arriving on the asset's own clock changes decisions; the conversation is the cheapest way to receive it.

Baselines

A measure without a baseline is a number without a meaning. Before any change takes effect, the board should record where each measure stands, and where it has stood for the previous three years if the records exist.

Three cautions apply.

The baseline year may itself be a draw-down year. A company that turns to this book is often one that has been drawing down. Its baseline will make the first years of renewal look expensive. Record that, so that nobody later mistakes the cost of renewal for a decline.

Change one clock at a time where you can. Chapter 13 repeats the rule from the field manual: a system can absorb one lengthened clock in a quarter. It is also easier to read. Five changes made at once produce one tangle of results and no learning.

Keep the old measures. Do not stop reporting profit, cash or the usual operating figures. The new measures sit beside them. A board that sees both on one page can judge the trade; a board that sees only one cannot.

Small numbers, said honestly

The research in chapter 5 drew on samples ranging from the companies on one list of a hundred employers to more than four hundred thousand firm-years. A single company has a sample of one, observed for a handful of years. That has consequences that a careful reader should say aloud.

One company cannot prove a mechanism. If turnover falls after the bonus period is lengthened, the change may have caused it, or the labour market may have cooled, or a difficult manager may have left. The prediction register helps, because it states the mechanism in advance and names the disconfirming sign, but it cannot settle the question. Say *consistent with*, not *caused by*.

Long clocks need long records. An asset that renews over six years cannot be judged in two. The first readings will be noise. A board should agree, in advance, the earliest date at which it will draw any conclusion, and keep to it.

Small numbers swing. A company that qualifies four apprentices a year will see that figure move by twenty-five per cent if one person leaves. Read small counts over several years, not one.

Survivors tell the story. The firms whose stories reach a book, including the three in chapter 6, are the ones that lasted. A reader should not compare her company with them as though they were a fair sample. They are the ones that made it.

Santa Anna's book carries the same humility into its own field. It warns readers against treating its alternative models as perfect and names "measurement issues" among the problems such enterprises must face.[69] A measurement chapter that claimed precision it did not have would be at odds with the book it comes from.

Reading the register at the end of a year

Once a year, ideally in a calm week rather than in the days after a hard result, the board or the household reads the register in one sitting. The reading has a fixed order.

First, the predictions due this year: what was expected, what happened, and one line on the difference. Second, the draw-down pairs: how many, and whether any are new. Third, the long-clock spend share and the regeneration-time estimates, each beside last year's. Fourth, the patient party: what it did, and whether it was enough. Fifth, the conversations with the people closest to the assets, read aloud.

Then three questions, answered in writing. Which long-clock asset is in the best health, and why? Which is in the worst? What is the one change for next year, with its prediction?

The reading takes an hour. Kept for five years, it gives a company something its accounts never will: a record, in its own words, of what it expected of its future and what its future did.

A worked reading: the manufacturer, three years on

The family manufacturer of chapter 5 is a composite built for teaching, and its figures below were set by the writer, not observed. It serves here to show what a register looks like when it is read.

When the family decided not to sell, they made three changes and wrote a page for each. The first moved control into a trust whose deed protected the apprenticeship and development lines. The second lengthened the managers' bonus period from one year to five. The third put a purpose clause into the articles. Each page carried a prediction. For the apprenticeship, the family expected completions to rise from four a year to six within three years, because managers would no longer be paid to cut the programme in a hard year. The disconfirming sign they wrote was that the programme would be hollowed out by a different route: fewer instructors, shorter placements, the same headline budget.

Three years later the reading went like this. Completions had risen to five a year, not six. The long-clock spend share for the programme had held at just under one per cent of revenue, which was the protected floor. The regeneration-time estimate, asked of the senior machinists each year, had fallen from six years to five, because two of the newly qualified machinists could now train others. Turnover among the most skilled staff had fallen from three departures a year to one. Operating profit had fallen in the first year, as the renewal costs that a sale would have skipped were paid, and recovered in the third, for reasons the board could not separate from a strong order book.

The disconfirming sign had nearly appeared. In the second year a production manager, short of floor space, had shortened the apprentices' placements on the newest machines. The trustees, reading the register, noticed the placement length beside the completion count and asked why. The placements were restored. Without the pair, the cut would have shown up two years later as a group of apprentices who had qualified without the skill the qualification named.

The board's verdict, written in three lines, was modest. The change was consistent with the mechanism; the prediction was too optimistic by one apprentice a year; the lesson was that a protected budget is not a protected programme unless what it buys is also read. The next year's page predicted completions of six by year five, with placement length as its pair.

Nothing in that reading proves the trust deed caused the improvement. The labour market may have helped; so may a good instructor who happened to stay. What the register did was let the family see, in their own figures, whether what they had hoped for was happening, and catch the one quiet draw-down before it became a gap.

The household reading

The same reasoning works at a kitchen table, scaled down. Chapter 12 follows a household through a year with chapter 4's Two Clocks Register and a one-page Household Horizon Page, not with this register. In brief: the household's long-clock lines, health, a qualification, a child's schooling, the care of a parent, each get a line. A household that wants this chapter's test can add one prediction a year, for example that a protected monthly sum for a course will produce the qualification by a named date. It counts its own draw-

down pairs: months in which the accounts improved while sleep, a friendship or a course was given up. It names its patient party and notes whether that party was called on.

Nothing in this is financial advice, and the house gives none. The point is the same at both scales. A household that writes its expectations down before the year begins can learn from the year. One that does not can only explain it.

The finer points

Date every prediction. A prediction with no date can never be wrong.

Name who reads the register. If nobody owns the reading, it will not happen. The holder of the long clock is the natural owner; the field manual in chapter 9 assigns it.

Prefer a rough measure of the right thing. A precise measure of the wrong thing, quarterly profit, is the reason this book exists. An honest estimate of how long it would take to rebuild a team is worth more.

Keep the register where the accounts are kept. A register filed with the strategy papers is read once a year at an away day. A register that sits in the same pack as the monthly figures is seen every month, even when it is not read in full, and its trend column becomes as familiar to the board as the cash line.

Do not let the reader be the author. Where it is possible, the person who reads the register at the end of the year should not be the person who wrote the predictions. The author of a prediction is the one person least able to see that it failed. A trustee, a non-executive director, a partner at the kitchen table: anyone who did not write the page will read it more honestly.

Write down surprises. The line in the register that teaches most is the one that says *we did not expect this*. Make room for it.

The house's book on complexity, *The Economy That Keeps Becoming*, gives a fuller account of why prediction in an evolving system is humble work. *Ecstatic Economics* is kept at .

The Tool: The Prediction Register

Keep it as one document, opened before the year and read at its end. Use one page per change.

1 · The change

- What changed, as a fact about a document or decision: _____
- Date it took effect: _____
- Who made it: _____

2 · The prediction

MEASURE	BASELINE (AND THE THREE YEARS BEFORE, IF KNOWN)	EXPECTED MOVEMENT	BY WHEN

- The mechanism, in one sentence: _____
- The disconfirming sign: _____
- The earliest date we will draw any conclusion: _____

3 · The pairs

MEASURE	READ BESIDE	WHAT GAMING WOULD LOOK LIKE

4 · The annual reading

ITEM	LAST YEAR	THIS YEAR	NOTE
Draw-down pairs (count)			
Long-clock spend share, by line			
Regeneration-time estimates, by asset			
Turnover where the tacit skill sits			
Revenue from customers of five years or more (share)			
The patient party's activity (visits, questions, reviews)			
Decisions whose minutes name the long-clock asset drawn on			

5 · The verdict

- What happened against the prediction: _____
- Consistent with the mechanism? yes / no / unclear · why: _____
- What surprised us: _____
- The one change for next year, with its prediction on a new page: _____
- Read by __ on ____

The coast in view

The navigator's log was never meant to be right. It was meant to be written before the land appeared. When the coast rose out of the haze two miles south of where she had expected it, the log told her something about the current that no chart had shown. She wrote it down, and the next voyage was shorter.

CHAPTER ELEVEN

The Hard Conversations

The page and the person

Every structural change in this book has to be explained to someone before it is made. A longer bonus period goes to a remuneration committee. A protected apprenticeship line goes to a lender who would prefer the cash. A purpose clause goes to a family that has always assumed it could sell. A letter about the company's clock goes to investors who were promised quarterly guidance. And all of it goes, eventually, to the people who work in the company and to someone who thinks the whole exercise is a fashion.

These conversations are where most long-horizon plans end. Not because the plan is wrong, but because it is presented as a value to people who are listening for a risk. A board hears *purpose* and thinks of liability. A lender hears *patience* and thinks of a missed payment. A worker hears *long term* and thinks of a pay freeze explained in better words. Each is listening on their own clock, and each is right to.

This chapter takes six audiences in turn. For each it sets out what they fear, what they need to hear, and a short script the leader can adapt. The scripts are not pitches. They are the plainest true thing the leader can say, in the order that lets the other person hear it. They assume the leader has done the work of chapter 9 and has the pages to show.

Two principles govern all six. The first is from Ammanuel Santa Anna's *Ecstatic Economics*, and it sets the tone for every room: "Ecstatic Economics doesn't demonize this model."[71] The leader is not arguing that the quarterly clock is wicked, that investors are greedy or that the board has failed. The book is precise on the point: "It recognizes that shareholder-primacy capitalism produced genuine value — technological innovation, material abundance, global coordination at unprecedented scale."[71] The argument is narrower and easier to accept. Some assets in this company renew on a longer clock than the one it is judged on, and the company proposes to protect one of them.

The second principle is the calendar rule of chapter 9. Hard conversations are held in calm weeks. A lender approached in the week of a covenant test will say no to almost anything. The same lender approached two months later, with the register on the table, may say yes.

The board

What they fear. Liability, first: that a purpose clause or a protected line will expose directors to claims that they failed shareholders. Then loss of discretion: that a rule written now will bind them in a crisis. And under both, the fear chapter 3 called the accountability objection: that a company told to serve several goals will be judged on none.

What they need to hear. That the change is specific and narrow. That chapter 2's reading of the law, in most common-law jurisdictions, leaves directors wide latitude to weigh the long term in ordinary decisions, and that the company's own lawyers have reviewed the wording. That the purpose sentence ranks decisions rather than multiplying goals: it says which thing comes first. And that any protection has a review date and a stated procedure for overriding it, so discretion is preserved and recorded rather than removed.

The script.

> *We are proposing one change, not a new philosophy. Here is the register. These three lines renew assets that take between four and six years to rebuild, and in two of the last five years we cut them to meet a quarterly figure. We propose that one of them, the apprenticeship programme, is protected at its present share of revenue unless the board records its reasons for reducing it. The board keeps the power to reduce it. It loses only the ability to do so without saying why. Counsel has reviewed the wording. We would like to review the rule in two years.*

The finer point. Bring the sceptic to the board meeting and let them speak first. A board that hears the objection from inside the proposal stops looking for it.

The lender

What they fear. Being paid late or not at all. A lender's clock is the repayment schedule and the covenant test, and anything that protects spending ahead of debt service looks, at first, like a threat to both.

What they need to hear. The arithmetic, in their terms. The Owner's Horizon Review from chapter 5 shows what profit would be if the long-clock lines were cut, and what that draw-down would cost in four or six years. A lender with a ten-year relationship has a direct interest in the company still having skilled workers and a product pipeline in year seven. The leader is not asking the lender to be patient as a favour. The leader is asking the lender to price the loan on the clock of the asset it is secured against.

Santa Anna's teaching on living financial institutions gives the line that changes the frame: "Patient capital isn't about sacrificing financial returns; it's about recognizing that true prosperity encompasses social and environmental well-being."[72] A banker may not use that vocabulary. The practical translation is that a longer tenor matched to the asset is not a concession. It is a more accurate loan.

The script.

> *We'd like to talk about the shape of the facility, not its size. Our two largest long-clock commitments renew over four and six years. Our covenant is tested quarterly and the loan amortises over three. That mismatch is why, in a hard quarter, we cut the very spending that keeps your security valuable. Here is the arithmetic. We are asking whether the tenor could be extended to match, or the covenant measured over a rolling twelve months. In return we will report the two long-clock lines to you alongside the usual figures.*

The finer point. Offer information before asking for terms. A lender who receives the register every quarter for a year before a refinancing is a different lender at the refinancing.

The founder and the family

What they fear. Losing what they built, or losing the right to sell it. For a founder, a purpose clause can feel like a judgment on how they ran the company. For heirs, any limit on sale is a limit on what is, for many families, most of their wealth. And under both runs the oldest fear in a family firm: that the conversation about the company is really a conversation about who loves whom.

What they need to hear. That nothing is being taken. Chapter 6 showed steward structures settled so that companies would outlive their founders, in two cases after the founder's death, and chapter 7 showed founders choosing to give up the right to sell in their own lifetimes. A family does not have to go that far. The Steward Structure Sketch shows where the three rights sit, and the smallest borrowing, a period of notice and a review before a controlling stake is sold, removes no one's wealth. It removes only the shortest clock.

Santa Anna's book names the moment this conversation is really about. "Even the most mission-driven founder eventually retires," he writes, "and if the company's ownership can be sold to the highest bidder, years of vitality-centered culture can be dismantled overnight by a new owner with different priorities."[71] Read aloud at a family meeting, that sentence often does more than any proposal. It names what the founder already worries about.

The script.

> *Nobody is proposing to take the right to sell from anyone. We're proposing that a sale of control has to wait six months and be read against what the company is for, so that it is never decided in a hard week. Here is what the company is for, as we wrote it. Here is where the votes, the dividends and the right to sell sit today: all in the same place. We'd like each of us to say what we want the company to be in twenty years, before we talk about any rule.*

The finer point. Hold this conversation in the family's own room, not the boardroom, and separate it from any discussion of money owed to individuals. A family that talks about purpose and inheritance in the same meeting talks only about inheritance.

The investors

What they fear. Being kept in the dark. An investor told that the company will stop giving quarterly guidance, or will report long-clock measures in place of familiar ones, may hear that management is preparing to miss its numbers and wants cover.

What they need to hear. That they will receive more information, not less. Chapter 8 set out the Investor Clock Letter: what clock the company intends to keep, which measures of its long-clock assets it will report, and when. Chapter 3 described Bushee's finding that short-term pressure came not from investors in general but from particular kinds of owner, those with high turnover and momentum strategies.[73] The letter is, in part, an invitation to the investors the company would like to keep.

The letter is subject to the rules on disclosure in the company's market, and its wording should be settled with the company's lawyers and finance lead. Nothing here is investment advice to any reader about any company's shares.

The script.

> *From next year we will report three measures of the assets our purpose depends on, every half-year, alongside our results: apprentices qualified, products in development, and customer retention over five years. We will continue to report our results each quarter. We will stop giving a forecast of next quarter's earnings, because it encourages us to manage to it. Here is the letter. We would welcome your view of the measures before we fix them.*

The finer point. Speak first to the longest-standing holders, privately and in advance, then publish. An announcement that long-term holders have already read lands as a shared decision.

The staff and their representatives

What they fear. That *long term* means *not now*: that a protected training budget will be paid for by a pay freeze, that a purpose clause is a new way to ask for more work for the same money, or that the whole exercise precedes a sale or a restructuring. Where staff are represented by a union or works council, their representatives carry these fears formally, and also a further one: that management will use purpose language to go around them.

What they need to hear. The specific change, in plain words, with a date and a document. The page for the staff from week 12 of chapter 9 is written for this conversation. They need to hear what is protected, what is not, and who holds the rule. They need to hear that the change does not reduce any existing right or term. And they need to hear that management knows the difference between a purpose and a poster. Santa Anna's book is blunt about what happens when a company announces a value it does not structure: the poster "is worse than useless — it's gaslighting."[71]

Where a union or works council exists, the conversation should go through it, early, and the representatives should be offered a role in the long clock itself: a standing item at the meeting where the register is read, or the right to be consulted before a protected line is reduced. Chapter 4 argued that the people closest to a long-clock asset receive its signals first. In most companies those are the people doing the work.

The script.

> *We have changed one rule. From the first of next month, the apprenticeship programme is protected at its present share of revenue, and it can only be reduced if the board writes down why. This does not change anyone's pay or terms. Nothing is being sold. We would like a representative of the staff to sit in on the meeting where the long-term figures are read each quarter, and to be told before any protected line is reduced.*

The finer point. Do not hold this conversation in the same quarter as a pay negotiation or a reduction in staff. The calendar rule applies with most force here, because this is the audience with the shortest clock and the least protection.

The sceptic

What they fear. Being taken in. Every organisation has people who have seen several initiatives arrive with new vocabulary and leave without changing anything. They fear wasted time, and they fear being the one who believed.

What they need to hear. That their objection is part of the design. Chapter 9 made the sceptic one of the four roles, and chapter 3 treated the strongest objections as a specification. A sceptic outside the room needs to hear the same thing: that the proposal is narrow, that predictions were written before the change, and that the verdict will be read in a year and recorded whatever it is.

They also need to hear that the argument is not anti-business. Santa Anna puts it in five words: "The alternative is not anti-business."[71] The sceptic who suspects a moral campaign is reassured by a measured one.

The script.

> *You may well be right that this changes nothing. Here is what we expect it to do, written down before we started, and here is what we would expect to see if it did nothing. We'll read both in twelve months and tell everyone the result. If you'd like to add a prediction of your own, we'll put it in the register under your name.*

The finer point. Do not try to convert a sceptic. Recruit one. The most useful sceptic is the one who agrees to keep the register honest.

A seventh room: the conversation with yourself

There is one more conversation, and it comes before the other six. It is the leader's own.

A leader who proposes a longer clock is usually judged on a short one. Her bonus, her contract, the next annual review, the analysts' view of her first two years: each measures her faster than the assets she is proposing to protect. Chapter 4 called this the mismatch at the heart of short-termism. It applies to the person making the proposal as much as to the company.

So before the first meeting, the leader fills in a Conversation Card for herself. What does she fear? Usually that a protected line will cost her a target, and that she will be judged before the asset renews. What does she need to hear? That the change is narrow, that its predictions are written down, and that the board has agreed in advance how the result will be read. What role can she give herself? The plainest is to ask the remuneration committee to measure her own performance on the long-clock lines as well as on profit, over the same period as the change. A leader who asks to be judged on a longer clock is more convincing in every other room than one who asks only others to be patient.

This conversation also has a calm-week rule. A leader who decides to propose the change in the week of a disappointing quarter is deciding on the short clock. The proposal can wait for a better week; the register will still be there.

Finally, she should name, privately, what she will do if the answer from the board or the lender is no. Most often the right answer is to keep the register, keep reading it each quarter, and ask again in a year with a year's evidence. A no in a calm week, recorded with its reasons, is a better position than a yes won in a hurry.

What all six have in common

Read together, the six conversations share a structure.

Each audience listens on its own clock. The board on the term of its directors and the next annual meeting, the lender on the covenant, the family on a generation, the investors on their holding period, the staff on

the next payslip, the sceptic on the last initiative. The leader's first job is to know which clock the listener is on, and to speak to it.

Each needs a page, not a principle. The register, the review, the sketch, the letter, the staff page, the prediction register. A conversation that brings a document can be checked. A conversation that brings only conviction can only be believed or not.

Each is offered a role. A review date to the board, information to the lender, a voice to the family, measures to the investors, a seat to the staff, a prediction to the sceptic. Chapter 13 argues that somebody has to hold the long clock. These conversations are how others are brought near it.

And each is held in a calm week, by a leader who is not afraid. Chapter 4 explained why that matters. A frightened leader asks for patience as a favour. A calm one presents it as accuracy.

The finer points

Say what is not changing. Every audience fears more than is proposed. Name the things that are not affected: pay, terms, ownership, the right to sell, the quarterly results. A short list of what stays the same makes the change believable.

Never use purpose language to ask for a sacrifice. If a conversation ends with someone being asked to accept less money or more work for the sake of the long term, it has become the thing the sceptic feared. Long-clock changes protect assets. They do not ask the people with the shortest clocks to pay for them.

Write down what was said. After each conversation, record the objection raised and what changed in the plan because of it. Chapter 9 makes this part of the charter. It is also the best evidence, a year later, that the conversations were real.

Expect to change the plan. A conversation that leaves the proposal untouched was probably a presentation. The lender who suggests a rolling covenant instead of a longer tenor, the union that asks for a different protected line, the family member who wants the notice period longer: these are improvements, and the plan should take them.

The Tool: The Conversation Card

One card per conversation. Prepare it before; complete it after.

Before

- Audience: board / lender / family / investors / staff and representatives / sceptic / other: _____
- The clock they listen on: _____
- What they are likely to fear: _____

- What they need to hear, in one sentence: _____
- The page I will bring (register, review, sketch, letter, staff page, predictions): _____
- What is not changing, in three items: _____
- The role I will offer them: _____
- The week, and whether it is a calm one: _____ · calm: yes / no

The script, in my own words

After

- What they said, especially the objection: _____
- What changed in the plan because of it: _____
- What they agreed to, if anything: _____
- The next date with this audience: _____
- Recorded in the charter: yes / no · date: _____

A chair kept empty

At some family firms there is a custom of leaving one chair empty at the annual meeting, for whoever will run the company after everyone present has gone. Nobody sits in it, and nobody needs to explain it. It is a reminder that every decision taken at the table will be lived with by someone who cannot yet speak.

The six conversations in this chapter are ways of speaking for that chair without pretending to occupy it. Chapter 12 takes the same reasoning home, to a household with a holder, a purpose sentence and a patient party. *Ecstatic Economics* is kept at , and the house's book on Hirschman's exit and voice, *The Embedded Market*, reads the choice between leaving and speaking up that sits under every conversation here.

CHAPTER TWELVE

A Household on the Long Clock

Two clocks on the fridge

In most kitchens there is a calendar on the fridge, and on it the short clock is written in full. Rent on the first. The card statement on the twelfth. School trip money by Friday. Payday every other Thursday. Nobody has to be reminded of these dates, because each one arrives with a consequence attached.

The long clock is not on the calendar. Nobody writes down the year by which the second adult's qualification will be finished, or how many years a parent can go on living alone, or how long the eldest child's confidence in mathematics would take to rebuild if it were lost this year. Those dates exist. They are simply kept somewhere less visible, which means they are kept nowhere.

Most chapters of this book have offered a household version of their argument in a few paragraphs. This chapter gives the household the whole room. Its claim is the book's claim at kitchen-table scale: a household, like a company, lives on two clocks, the month on which its bills arrive and the years on which its health, skills and relationships renew, and it does best when somebody in it holds the long clock on purpose rather than by default. The chapter follows one household, a composite, through a year, and ends with a page any household can fill in.

The house gives no investment advice, and nothing in this chapter is a recommendation to buy, sell, hold, borrow or insure anything. A household with decisions of that kind should take advice from someone qualified to give it about its own circumstances. What the chapter offers is a way of reading the decisions a household already makes, so that the long clock is in the room when they are made.

The household in this chapter

The household below is a composite built for teaching. The people are not real, and their figures were set by the writer to show the shape of the decisions, not drawn from any family's records.

Amara and Daniel live with their two children, aged eleven and seven, in a rented flat in a mid-sized town. Daniel works shifts in a distribution warehouse, paid by the hour. Amara works part-time as a care assistant and, two years ago, began a three-year part-time course that would qualify her as a nurse. Between them they take home about three thousand four hundred a month in their own currency. Rent is one thou-

sand one hundred. Amara's course costs one hundred and fifty a month in fees and travel. They carry a card balance of about two thousand, which rises in hard months and falls in good ones. Daniel's mother, Grace, lives alone forty minutes away and has begun to need help with shopping and appointments.

On paper this is an ordinary, stretched, competent household. Its short clock is very short: the hours on Daniel's rota are set two weeks ahead and vary, and the card statement arrives monthly. Its long clock contains at least five assets, and almost none of them appears in any account the household keeps.

The five long-clock assets

The first step, in January, is to name them. Amara and Daniel sit down one Sunday evening, after the children are asleep, with the Two Clocks Register from chapter 4 adapted to a household, and write five lines.

Amara's qualification. Three years in all; one done, two to go. If paused for a year, the course allows a return, but the place is not guaranteed and the momentum is real. Regeneration time if lost: they estimate three to four years, because starting again would mean starting again.

Daniel's health. He is forty-one and works on his feet. His back has begun to hurt after long runs of night shifts. Regeneration time if run down: unknown, and they write *unknown* rather than guessing.

Grace's independence. She can live alone with help twice a week. If a fall or a winter of isolation changed that, it would not come back. Regeneration time: they write *does not regenerate*, which is the honest entry for some assets.

The children's footing at school. The eleven-year-old moves to secondary school in September. A good first year matters more than any single later one. Regeneration time if lost: a year at least, perhaps more.

The marriage. Both of them write it down and neither wants to put a number on it. They write *slow*.

The exercise takes forty minutes. It is the first time either of them has seen the five written on one page, and the effect is the one chapter 4 describes. The slow clock has been put on the same page as the fast one.

The decision clocks

Next they write down who decides what, and on what clock.

The rota decides Daniel's hours, two weeks at a time, and the warehouse's overtime arrives at short notice. The card company decides the minimum payment, monthly. The landlord decides the rent, yearly. The course decides its fees by term. Grace's needs arrive without a schedule.

Then the harder question: who in this household holds the long clock? Amara answers for both of them that she does, by default, because she is the one who remembers the course, Grace's appointments and the school forms. Daniel agrees, and then says something chapter 13 will return to: that holding it by default is

not the same as holding it by agreement. They agree that Amara holds the long clock, that she will say so when a decision draws on one of the five, and that Daniel's job is to listen when she does.

Santa Anna's *Ecstatic Economics* has a sentence about what happens to a household's sense of time when money is tight, and it is the reason the agreement matters. Under threat, he writes, "Your time horizon collapses. The future shrinks to the immediate — this quarter, this month, this paycheck. Long-term thinking feels like a luxury you can't afford."[74] A household under pressure will shorten its clock for physiological reasons, before anybody chooses to. Naming a holder is a way of keeping one voice in the room that is not frightened in the same way at the same moment.

The purpose sentence

Before the end of January they write the household version of the Purpose Sentence from chapter 2. It takes three drafts.

The first draft is *to give the children a good life*, which is true and excludes nothing. The second is *to get Amara qualified and keep Grace at home*, which names two problems and two people but nothing they would refuse. The third is the one they keep:

This money exists to see Amara qualified by next summer and Grace safe at home, without the children paying for either, and we will not take on debt we cannot see the end of to get there.

The sentence is not elegant. It does what chapter 2 asks of a purpose: it names whose problem, it would make them refuse something, and it names the harm they will not cause. They pin it beside the calendar, which is where the monthly numbers are kept.

Spring: the first draw-down

In March the warehouse offers Daniel a run of extra night shifts at a higher rate for six weeks. The money is good. It would clear the card balance and leave something over.

This is the household's first real decision under the new page, and it is a classic draw-down pair. Income rises; Daniel's back and sleep fall. In the old way of deciding, the money would have won without discussion, because it arrived on the short clock and the cost arrived on the long one.

Amara, holding the long clock, asks the question from chapter 4: which long-clock asset pays for this result, and how long would it take to refill? Daniel's honest answer is that six weeks of nights would probably leave his back worse for months, and that they had written *unknown* against his health because neither of them knew how bad it could get.

They do not refuse the shifts. They take three weeks instead of six, and they write it down: *took three weeks of nights to bring the card balance down by half; drew on Daniel's health; will not repeat before September.* The de-

cision is not heroic. It is taken as a decision rather than discovered as a gap, which is the whole of what this book asks.

Summer: the cut that looks like a saving

In June the car fails its annual test and needs repairs of about nine hundred. The card balance, which had fallen, goes back up. Amara's course fees for the autumn term are due in August.

The obvious saving is the course. Pausing it for one term would free four hundred and fifty over three months, and the course allows a return. On the page, it is the line that looks most like money waiting to be used.

This is the household version of the cut before the sale in chapter 5, and the arithmetic is the same shape. Pausing saves four hundred and fifty now. It delays the qualification by at least a term and, they know from friends who have paused, often by a year. The qualification is the single largest change in the household's long-clock income: a nurse earns noticeably more than a care assistant, and every term of delay is a term of the higher income that never arrives. That loss will not appear in any statement they receive. It will simply not be there.

They decide to keep the course and to find the money elsewhere: a smaller summer, a slower repayment of the card, and a conversation with Daniel's sister about Grace's shopping, which brings the household to its patient party.

The patient party

A household, like a company, does better with one party on a long clock who has the standing to help. Chapter 4 put it simply: one patient party is often enough.

Daniel's sister, Ruth, lives closer to Grace and has more regular hours. She has offered before, vaguely, to help. In July, Amara and Daniel ask her specifically: would she take Grace's Tuesday shopping until the end of next summer, when Amara qualifies? Ruth agrees, and asks in return that they take Grace for one weekend a month. The exchange costs nothing in money. It lengthens the household's clock by a year, because it removes the most likely reason Amara would have had to pause the course: a week in which Grace needed more than the household could give.

The patient party need not be a relative. For other households it is a credit union willing to talk before a payment is missed, an employer with a flexible scheme, a neighbour, a small buffer kept for exactly this purpose, a friend who has been through the same course. What matters is that the household knows who it is before the bad month, not during it.

Autumn: the school year

In September the eldest starts secondary school. The first half-term is hard; he is quiet at home and his maths homework goes undone. The family had written *the children's footing at school* as a long-clock asset, with a regeneration time of at least a year.

The short-clock response would be to wait and see, because the term is busy and nothing is yet wrong on paper. The long-clock response is to treat the first half-term as the moment the asset is most cheaply protected. Daniel swaps two shifts to attend a parents' evening. The school offers a free homework club two afternoons a week. The cost is two shifts' pay and some rearranged afternoons. The asset, if lost, would have taken a year to rebuild.

They write it down: *protected the eldest's footing in the first term; cost two shifts; no repeat expected.*

Winter: the reading

In December, in a calm week after the children's term has ended, they read the year.

The five assets: Amara's course is on track for the summer. Daniel's back is no worse, and he has taken no further runs of nights. Grace is at home and steadier, with Ruth's Tuesdays and the monthly weekend. The eldest has settled. The marriage, they write, is *better for having a page to argue over instead of each other*.

The draw-down pairs: one, the three weeks of nights, chosen and capped. The card balance is about where it began the year, not lower. On the short clock, the year looks like no progress. On the long clock, four of the five assets are in better health than in January, and the fifth is no worse.

This is the reading chapter 10 describes, at household scale, and it has the same honesty requirements. Nothing in it proves the page made the difference. Ruth might have helped anyway; the eldest might have settled anyway. What the page did was let the household see its own year in both clocks, and choose, more than once, which long-clock asset it was prepared to draw on and which it was not.

The same year, read without the page

It is worth running the composite once more, as it might have gone without the page, because the difference is the argument of the chapter.

In March, Daniel takes all six weeks of nights; nobody asks which asset is paying, because the money is good and the question has no place to be asked. The card balance is cleared. By May his back is worse, and he loses two weeks of shifts in the summer, which costs more than the extra nights earned. In June the car fails its test, the card balance climbs back, and the course is paused for a term because it is the line that looks most like savings. The friends who paused were right: the term becomes a year. In September Grace has a bad week while Amara is covering Daniel's lost shifts, and nobody has asked Ruth for anything spe-

cific, so Grace spends a week alone. In October the eldest's maths homework goes undone and the household, exhausted, decides to wait and see.

None of these decisions is foolish. Each is a reasonable response to the month in which it was made. That is the loop of chapter 4, at household scale: each short-clock decision draws on a long-clock asset, the drawn-down asset makes the next month harder, and the harder month shortens the clock again. By December the card balance is roughly where it began, as in the first reading. The qualification is a year further away, Daniel's back is worse, Grace has had her first fall, and nobody has written any of it down, because none of it appeared on a statement.

The two versions of the year end with the same balance on the card. On the short clock they are identical. On the long clock they are two different households, and the only difference between them in January was a page, a sentence and an agreement about who would speak for the years.

What the body brings to the table

There is one more part of the household's long clock that no table captures, and Santa Anna's book gives it more attention than any other part of his economics. It is the feeling a household carries about money, often inherited.

He describes it precisely: "Even if the number is objectively fine—even if you have more than enough—there's often a subtle bracing, a vigilance, a readiness for threat."[74] And he names the pursuit it produces, a feeling of enoughness "that recedes like a desert mirage the moment we reach for it."[74] His book asks readers to look at the patterns they inherited: "What economic somatic patterns did you inherit from your family of origin?"[74]

For Amara and Daniel the answer was different for each, and it explained some of the year. Daniel grew up in a house where any spare money was spent at once, because it might not be there tomorrow; the extra nights in March felt to him like safety. Amara grew up in a house where nobody spoke about money at all; holding the long clock aloud felt to her, at first, like a kind of rudeness. Neither pattern was wrong. Both were short clocks learned young.

The house does not offer therapy and does not claim the physiology behind the book is settled; the book's account draws on polyvagal theory, which is debated. The practical lesson is the one chapter 4 drew for boards: take long-clock decisions in a calm week, not at the end of a frightening month. This chapter adds one more: notice whose old fear is speaking when the short clock wins without discussion.

Monday, for a household

What follows is the sequence this book recommends for a household that wants to begin. None of it requires money, and none of it is financial advice.

Find the holder. Which person holds the long clock: the one who remembers what the money is for over years. Agree it aloud.

Write the purpose. One sentence: this money exists to do something for someone, and we will not do a named thing to get it.

Name the long-clock lines. Health, a qualification, a child's schooling, a parent's care, a home, a relationship. For each, write how long it would take to rebuild if run down, or *does not regenerate* where that is true.

Know the shortest clock. The card statement, the overdraft, the rota. Decide now which long-clock line you would protect first if that clock ran short, so that a bad month does not decide for you.

Find one patient party. Ask them specifically, for something specific, for a named period, and offer something back.

Read the year. Once, in a calm week, with the page in front of you.

The finer points

Write *unknown* when you do not know. A household that guesses its regeneration times will trust them more than it should. *Unknown* is an honest entry and a reason to protect the asset more carefully.

Some assets do not regenerate. A parent's independence, a child's single year at a new school, some kinds of health. Mark them, and treat any decision that draws on them as a decision of a different kind.

Cap the draw-downs you choose. Many hard years leave no choice but to draw on a long-clock asset. Choose which one, set a limit, and write the date after which you will not repeat it.

Ask for help before the bad month. The patient party is most useful when asked in a calm week for something specific.

Let the children see a version of it. A child who sees a parent write down a date years away, and protect it through a hard month, learns something about time that no lesson on saving will teach. The household need not share its figures. It can share the shape: we are keeping this for later, and here is why.

Keep the page where the bills are. A purpose sentence kept in a drawer is the household version of the mission statement chapter 2 described: true, and unread.

The house's book on gift and reciprocity, *The Channel Keeps It*, reads the kind of exchange Ruth and the household made, help given and returned without a price, as one of the oldest economic forms there is. *Ecstatic Economics* is kept at .

The Tool: The Household Horizon Page

One page, kept beside the calendar. Fill it in in January; read it in December.

1 · The holder and the sentence

- The holder of our long clock is __ (agreed on ____)
- This money exists to __ for _, *and we will not* ___ to get it.

2 · The long-clock lines

ASSET	WHAT RENEWS IT	YEARS TO REBUILD IF RUN DOWN (OR UNKNOWN, OR DOES NOT REGENERATE)	THIS YEAR: RENEWED / HELD / DRAWN DOWN
Health (each adult)			
A qualification or skill			
Each child's schooling			
A parent's care or independence			
The home			
A relationship			

3 · The short clocks

WHAT ARRIVES	HOW OFTEN	WHO SETS IT	THE LONG-CLOCK LINE IT WOULD CUT FIRST

- Is that the line we would choose to cut? yes / no · if no, the line we would protect instead: _____

4 · The patient party

- Who: __ · what we asked for: _ · *until when:* · *what we offered back:* ___

5 · The year's draw-downs

- Month __: _ *rose while fell · chosen? yes / no · limit set:* ___

6 · The December reading

- Assets in better health than January: _____
- Assets in worse health: _____
- What surprised us: _____
- The one change for next year: _____

The date on the calendar

In the composite, the last thing Amara and Daniel do in December is take next year's calendar and write one date on it that is not a bill: the week of Amara's final placement, in June. It is the first long-clock date the calendar has ever carried. It sits between the rent and the school trip, and nobody in the house will need to be reminded of it.

CHAPTER THIRTEEN

Who Holds the Long Clock

Not a fund, a role

Patient capital is usually described as a kind of money: a foundation's endowment, a family's holding, a pension fund's allocation to things that take decades. The twelve chapters before this one have treated it more precisely, and the precision changes what a reader can do with it.

A company's time horizon is set by its purpose and its owners, as chapter 2 argued, and a purpose that is not written where it binds is a mood. The serious objections to purpose, chapter 3 showed, are each answered by a structure. Short-termism, in chapter 4's reading, is a mismatch between the clock a decision is judged on and the clock its assets renew on. The evidence in chapter 5, narrow but consistent, suggests that lengthening the clock through pay or ownership is associated with more long-cycle investment and greater durability. Chapters 6 and 7 showed foundations, trusts and founders doing it at scale, and chapter 8 showed listed companies doing part of it in their own reporting. Chapters 9 to 12 turned all of that into a field manual, a set of measures, a set of conversations and a household's year.

Put together, these say that patient capital is not a sum of money. It is a role in a system: the party with a long clock, the standing to act on it, and enough distance from daily management to judge it fairly. A foundation can play the role. So can a family, an employee trust, a long-term lender, a mission-locked shareholder, a board that has written its purpose where it binds, or one person at a kitchen table who has agreed to speak for the years. The question for any reader is not whether patient money is available. It is who, in this company or this house, holds the long clock, and whether they know it.

Ammanuel Santa Anna's governance manuscript states the institutional version plainly: "Regenerative governance requires institutions that extend time horizons beyond the cycles imposed by liquid capital markets."[75] This closing chapter reads the whole book through the house's living-systems lens, joins it to the neighbouring books in the series, states what the book does not show, and ends where the long clock is kept.

The living-systems reading of the whole

reads economies as living systems, and the reading has a particular shape when it is turned on time.

A living system is not a machine running at a speed. It is a set of processes running at many speeds at once, each one dependent on the others. A forest has the year of its leaves, the decades of its trees and the centuries of its soil. A body has the breath, the day, the season of a recovery and the decades of a skeleton. Health, in such a system, is not the speed of any one process. It is the fit between them: each fast process drawing on the slow ones at a rate the slow ones can renew.

A company is a system of the same kind. Its cash turns over in weeks, its customers in years, its people's skill in a decade, its reputation and its place in a town over generations. The machine reading of a company, which Santa Anna's manuscript on the machine metaphor sets out to replace, sees only the fastest of these processes, because that is the one the accounts report. The living-systems reading sees the fit. It asks whether the fast processes are drawing on the slow ones faster than they renew.

Every structure in this book is a way of restoring that fit. A purpose clause tells the fast process which slow ones it may not consume. A foundation or trust puts a slow clock in the owner's chair. A longer pay period gives managers a clock nearer the asset's. Restored feedback, a phrase chapter 4 took from Santa Anna's book, lets signals from the slow processes reach the people who decide on the fast ones. The two-clock register puts the slow clock on the same page as the fast one. None of these is a moral demand. Each is the ordinary maintenance of a system that has more than one speed.

Santa Anna's teaching on living financial institutions refuses the idea that this maintenance is a sacrifice. "Patient capital isn't about sacrificing financial returns," he writes; "it's about recognizing that true prosperity encompasses social and environmental well-being."[76] Read in the language of this book, the sentence says that an owner who bears the asset's time is not being generous to the asset. She is being accurate about it.

A word about the word

Patient is a curious word to have attached itself to capital. Its root is the Latin *patior*, to suffer or to bear, and the older sense survives in the hospital: the patient is the one who undergoes something. Patient capital, read that way, is capital that agrees to bear the slow time of the thing it has invested in, rather than requiring the thing to bend to the time of the capital.

This matters because it changes how a leader asks for patience. A request framed as a sacrifice invites a negotiation about how much. A request framed as accuracy invites a different question: how long does this asset actually take to renew, and does everyone with a claim on it know? A forest does not grow faster because its owner is in a hurry, and a team does not learn faster because its budget is reviewed monthly. The owner who waits is simply the owner whose expectations match the thing she owns. The Two Clocks Register is, in the end, a way of putting that question on paper, so that patience can be agreed as a matter of fact rather than pleaded as a matter of virtue.

Three joins

The Ecstatic Economics series is a set of books meant to be read against one another. Three of them meet this one at particular points.

Employee ownership. The house's book on ownership and profit sharing, *Owning the Work*, follows the research of Douglas Kruse, Joseph Blasi and Richard Freeman on what happens when workers hold a stake in the firm. Its relevance here is direct. An employee owner is a patient party by situation: she cannot easily sell her job, her skill is often specific to the firm, and her horizon runs as long as her working life. Santa Anna's book describes the change in what such a person watches for: "The worker-owner's neuroception is scanning for threats *to* the organization — and mobilizing creative energy to address them."[77] In the language of this book, employee ownership puts a long clock inside the building, held by the people closest to the long-clock assets themselves. The John Lewis Partnership in chapter 7 is the oldest large example in Britain.

Gainsharing. The history of gainsharing, from Joseph Scanlon's plans in the 1930s through the Rucker and Improshare plans that followed, is told in *The Gain Was Always Shared*. Its join with this book is the period over which gain is counted. A plan that shares with a workforce the improvement it produces, measured over a longer period, rewards the long-clock work this book has been about: the training, the process improvement, the customer trust that does not show in a quarter. The house's book tells that history and its evidence; how such sharing might be designed for a particular organisation is a matter for a conversation, not a chapter.

Exit and voice. Albert Hirschman's *Exit, Voice, and Loyalty* (1970) distinguished two responses to decline in a firm or a state: leaving, and speaking up.[78] The house reads Hirschman beside Karl Polanyi in *The Embedded Market*. The join here is that patient capital is capital that chooses voice. An owner who cannot or will not sell has one way to influence the company, which is to speak and to be heard. That is why Henry Hansmann and Steen Thomsen's finding on managerial distance matters:[79] the voice has to come from a party distinct enough from management to say something management does not want to hear. Liquidity is the freedom to exit. Patience is the discipline to stay and talk.

Santa Anna's book names the pattern beneath all three. Looking across the alternatives it surveys, from cooperatives to steward-owned firms, it finds a shared feature it calls distributed agency, and insists on what kind of feature it is: "This distribution is not ideological ("power to the people" as slogan) but structural (specific governance mechanisms that ensure broad participation in economic decision-making)."[77] Employee ownership, gainsharing and voice are three such mechanisms. Each gives a long clock to someone who did not have one.

The upgraded map

Chapter 4 introduced the Luminous 100's upgrade of the stakeholder map, which begins by asking who the living beings and systems affected by a decision are. The upgrade goes on to rename the classical map's strategies. Where the conventional grid assigns each stakeholder a treatment by power and interest, the house's version proposes replacing "manage closely" with "deepen relationship" and "monitor" with "extend awareness and care."[80]

For this book the renaming has a concrete use. Most of the parties who hold long clocks in a company sit, on the conventional grid, in the low-power corner: the apprentices, the long customers, the town, the next generation of the founding family. They are monitored. The upgraded map asks what relationship each needs in order to be healthy, and in practice that means asking whether any of them could be given a role in the long clock: a seat, a share, a voice, a right to be consulted before a long-clock asset is drawn down. The Alpha Papers set out the stakeholder map as an instrument at; the house's upgrade is a question to bring to it.

The holder, in five settings

The role is easier to recognise once it has been seen in several places. Five settings, drawn from the cases and composites in earlier chapters, show the same role in different clothes.

The foundation. In Stuttgart, Jena and Copenhagen, chapter 6 found an owner with a charter, a board, a reason to need the company's dividends for a very long time, and no way to sell for private gain. The holder is an institution, and its strength is that it outlives every person in it. Its risk is complacency, and its protection is the distance Hansmann and Thomsen described, between the people who hold the purpose and the people who run the company.

The trust created by a founder. Patagonia's family and Spedan Lewis, in chapter 7, each handed control to a trust in their own lifetimes. The holder here is a deed and the people appointed under it. Its strength is that it was designed by someone who knew the company intimately. Its risk is that the founder's purpose was written for a world that changes, and its protection is a procedure for revising the deed that does not depend on management alone.

The listed company that sets its own clock. In chapter 8, a company that stopped giving quarterly guidance did not change its owners. It changed the clock it invited them to judge it by. The holder, in that case, is the board itself, acting on a written purpose. Its strength is that it needs no new structure. Its risk is that it can be reversed by the next board, and its protection is to write the reason down where the next board will read it.

The family firm. The composite manufacturer of chapters 5 and 10 put a long clock in a trust deed and a five-year bonus period. The holder was a family that decided not to sell a drawn-down company. Its

strength is closeness to the assets: the family knew the machinists by name. Its risk is that a family's clock is only as long as its agreement, and its protection was the deed that outlasted the meeting.

The household. In chapter 12, the holder was one person at a kitchen table who agreed, aloud, to speak for the years. Her strength was that she remembered what the money was for. Her risk was the oldest one in the book, that a frightening month shortens every clock in the room, and her protection was a page, a patient party asked in a calm week, and a partner who had agreed to listen.

The five differ in size by many orders of magnitude. The role is the same in each: a party with a long clock, the standing to act on it, and enough distance to judge. A reader who can name the holder in her own setting, and say which of the five it most resembles, already knows where its strength and its risk lie.

What the book has made visible

A book that offers a lens should be able to say what the lens shows. Read back across its chapters, this one has tried to make five things visible that the usual accounts of a company keep in shadow.

The first is the second clock itself: the regeneration time of the assets a company depends on, written beside the period over which the people who draw on them are judged. Once the two are on one page, a great deal of ordinary corporate behaviour stops looking like vice and starts looking like arithmetic.

The second is the draw-down inside a good result. A margin that rose while training fell, an earnings figure that rose while research was deferred. Chapters 4, 5 and 10 return to it because it is the single most common way a long-clock asset is lost without anyone deciding to lose it.

The third is the separation of the three rights of ownership, the right to the money, the right to decide and the right to sell, which chapter 6 found, in different degrees, in each of the three foundations it read and which smaller firms can borrow one right at a time.

The fourth is the body's part. Santa Anna's book insists that a frightened person thinks on a shorter clock, and the field manual turns that into a scheduling rule: take long-clock decisions in calm weeks.

The fifth is the role this chapter is named for. Patient capital is not a fund to be raised. It is a seat to be filled, and the first act of a leader is to look at the seat and see whether anyone is in it.

What the book does not claim

Thirteen chapters make an argument, and an argument this long owes a statement of its limits.

It does not claim that every long-horizon company does well. Patience can preserve a business that should have changed, and some of the most patient owners in economic history kept factories open long after their products had stopped serving anyone. A long clock tells an owner to wait for the slow assets to renew. It does not tell her which assets are worth renewing. That judgement is still hers.

It does not claim that markets are the enemy. Much of the evidence in chapters 3, 5 and 8 is the work of financial economists using market prices, and some of its sharpest findings, Brian Bushee's on the difference between kinds of institutional investor and Alex Edmans's on the slow pricing of employee satisfaction, show markets doing something more interesting than punishing the long term. They show particular owners, on particular clocks, behaving in particular ways. Santa Anna's own book is careful in the same direction: it describes the shareholder-primacy model as having produced genuine value before reaching its limits, and its alternative is a matured business, not an abolished one.

It does not claim that the structures it describes are simple or cheap. A foundation, a trust or an employee ownership plan takes lawyers, time and a founder's willingness to give up something real. Patagonia's family gave up the right to sell the company. Bosch's founder gave up the right of his heirs to control it by capital alone. These are not techniques. They are decisions about what a person wants to leave, and they should not be taken without legal and tax advice. Nothing in this book is that advice, and nothing in it is investment advice.

It does not claim more than its evidence allows. The best studies are narrow: large American companies, Danish foundations, one list of employers. The cases were chosen because they survived. The composites were built to show arithmetic, not to report results. The measures in chapter 10 are recommendations, and the field manual in chapter 9 is a sequence the house proposes, not a finding.

And it does not claim that the living-systems reading is the only one. The two-clock view is a lens, offered because it makes some things visible that the usual accounts leave in shadow: the draw-down inside a good result, the body's part in shortening a horizon, the long-clock parties left in the corner of the map. A reader who finds the lens useful should test it against her own company or household with the Prediction Register, and keep it only where it shows her something true.

Within those limits the argument is modest and practical. Somebody has to hold the long clock. The work of a leader is to know who it is.

Monday, for a leader

Chapter 9 sets out the full twelve weeks. For a leader who wants only the first week, five steps, each of which a person who runs something can do without new money or a change of owner.

Find the holder. Name the party that holds the long clock: the person or body with the longest horizon, the standing to act and some distance from daily management. If you cannot name one, write that down; it is the first finding.

Write the purpose where it binds. Use the Purpose Sentence from chapter 2, then put it into one document that governs behaviour: the articles, a shareholders' agreement, a board charter, a bonus plan.

Keep the register. Fill in the Two Clocks Register from chapter 4 at the next quarterly review, and read the draw-down pairs aloud.

Lengthen one clock. Choose the single shortest clock that governs a long-clock asset and lengthen it. One clock, not five.

Give one long-clock party a voice. Choose one party on a long clock who has no say in the decisions that draw on them, and give them one. Measure nothing yet. Listen.

The common mistake at each step is the same: to treat it as a statement rather than a structure. Santa Anna's book gives a short test for whether an enterprise has avoided it. The effective ones, he writes, are "clear about their values and flexible about their strategies."[77] The register is flexible. The purpose clause is not. Chapter 12 gives the household's Monday in full.

The finer points

Four distinctions keep the role honest.

Patience is not passivity. The Danish evidence on foundations, and Hansmann and Thomsen's work on managerial distance, read together, suggest the same lesson: the best long-term owners are present, informed and demanding. A long clock held by someone who never asks a question is an absence.

Distance is not detachment. The holder of the long clock needs distance from daily management to judge it, and closeness to the long-clock assets to see them. The foundation board that never visits the plant has distance without sight.

One clock at a time. A system can absorb one lengthened clock in a quarter. Changing five at once is a reorganisation, and reorganisations shorten everyone's clock while they last.

Measure what renews. Every change in this book should be judged, in the end, by whether a long-clock asset is being renewed rather than drawn down. Not by revenue, which moves for many reasons, and not by sentiment. By the trend in the register, read against a prediction written before.

Where to work it

The chapters of this book are a single argument and can be read in order; the workbook that follows gathers every tool in one place, with a ninety-day plan. *Ecstatic Economics* is kept at , and its chapters on the somatic dimension of economics and on financial architecture are the source of this book's living-systems reading. The house's other books in the series, among them *The Pasture Was Never Empty* and *The Second Brief*, take the same lens to neighbouring questions, and all of them are gathered at hautelumiere.life.

Leaders who would like to work through the sequence in this book for their own organisation, including whether a structure for sharing long-term gains would suit it, can begin a conversation with Ammanuel Santa Anna at hautelumiere.life.

The Tool: The Monday Card

One card, kept in a wallet or pinned above a desk. Fill it in on Monday. Read it on Friday.

For a leader

- The holder of our long clock is _____ (or: nobody yet)
- Our purpose, in one sentence: _____
- The document I put it in this week: _____
- The longest-lived asset we depend on: __ · years to rebuild: ____
- The shortest clock that can draw on it: __ months · set by: ____
- The one clock I lengthened this week, and how: _____
- The one long-clock party I gave a voice to, and where: _____
- What I heard: _____

For a household

- The holder of our long clock is _____
- This money exists to __ for _, *and we will not* ___ to get it.
- Our long-clock lines, and years to rebuild each: _____
- Our shortest clock: __ · the line it would cut first: ____ · is that the line we would choose: yes / no
- Our patient party: _____

On Friday

- What changed in a document, not only in a conversation: _____
- What I will do next week, one thing: _____

The long clock

Picture a church clock in an old town, wound each morning by one family, generation after generation, for a small sum from the parish. Nobody in the town thinks of the winder as an investor. But every morning the town sets its hours by a clock somebody has agreed to keep, through good years and bad ones, long after the person who first took the job is gone. The work is small and dull, and it is the reason the town knows what time it is.

Every company and every household has a clock like that, and someone either winds it or does not.

THE WORKBOOK

The Workbook

How to use this workbook

Every chapter of this book ends with a tool. This appendix gathers the thirteen in one place and lays two ninety-day plans over them: one for a leader, built on the twelve weeks of chapter 9, and one for a household, built on the year of chapter 12. The tools are reproduced as they stand in their chapters, to be printed and worked from. The chapter holds the reasoning. The page here holds the practice.

Four rules from the body of the book govern every page that follows.

Long-clock decisions are taken in calm weeks. Chapter 9 writes this rule at the top of the charter, and chapter 4 gives the reason for it. Ammanuel Santa Anna's *Ecstatic Economics* describes what financial threat does to a person's sense of time, and closes the paragraph on the sentence that makes the rule necessary: "the nervous system is literally designed to sacrifice the future for immediate survival."[81] Nobody controls when a hard week arrives; anyone can control when a decision falls. Wherever a plan below names a decision, it is a decision for a calm week. If the week turns hard, the working sessions may continue, the decision moves, and the days of the plan move with it.

One clock at a time. Chapter 13 states it in a line: a system can absorb one lengthened clock in a quarter, and changing five at once is a reorganisation, which shortens everyone's clock while it lasts. Each plan ends in one structural change.

The prediction is written first. Chapter 10's register is opened before a change takes effect and read, at the end, where it is possible, by someone who did not write it. A result explained after the fact teaches nothing.

A week ends in a structure. Chapter 9 asks that every week end in a line in a document, a name against a duty or a date in a calendar, however small. A week that ends only in a good conversation has not finished.

Two habits run through every tool: keep the pages where the monthly numbers are kept (chapters 1 and 2), and write *unknown* when you do not know (chapter 12).

Nothing in this workbook is investment, legal or tax advice, and the house gives none. The tools change how decisions are taken, not what is bought, sold, borrowed or held. Any change to a company's constitu-

tion, ownership or pay plans, or to a household's will or borrowing, belongs with advisers who know the whole position.

The order of the tools

The order follows chapter 9's sequence, in which each page draws on the one before. Two tools stand outside it. The Household Horizon Page is the household's version of the whole set, and the Monday Card is its shortest form, for a leader who wants only the first week. The times are the chapters' own; a dash means the chapter gives none. The pages after the plans are numbered by chapter; the first column gives the order of use.

ORDER	TOOL	CHAPTER	WHO	TIME
1	The Twelve-Week Charter	9	the four roles; the sponsor marks the hard weeks and sets the gates	top filled before week 1; the four meet weekly for an hour, and for two at each gate
2	The Horizon Snapshot	1	a company, a team or a household; in the field manual, each of the four separately, then together	fifteen minutes
3	The Purpose Sentence	2	the four roles; or a household	—
4	The Purpose Stress Test	3	the sceptic runs it; the finance lead completes the table of capital and its clocks	an hour
5	The Two Clocks Register	4	the finance lead, with the line managers who know each asset	— (reviewed each quarter beside the accounts)
6	The Owner's Horizon Review	5	the finance lead and the long-clock holder; or a household, for its largest asset	—
7	The Steward Structure Sketch	6	the finance lead and the long-clock holder	—
8	The Hand-Over Ledger	7	a founder, a family or a board, when a change of control is in view	— (revisited each year)
9	The Conversation Card	11	the leader, one card per conversation, the first for herself	—
10	The Investor Clock Letter	8	the company, to its owners and lenders; reviewed by its lawyers and finance lead	— (written once a year)
11	The Prediction Register	10	the four roles, with one prediction from the sceptic; read, where possible, by someone who did not write it	— (the annual reading takes an hour)

ORDER	TOOL	CHAPTER	WHO	TIME
12	The Household Horizon Page	12	a household, kept by the holder of its long clock	— (filled in in January, read in December)
13	The Monday Card	13	a leader, or a household	— (filled in on Monday, read on Friday)

The ninety days, for a leader

The twelve weeks of chapter 9 are the backbone. Ninety days is twelve weeks and six days; the six go to what chapter 1 asked of every reader, a second Horizon Snapshot. Each stretch ends with the decision chapter 9 sets for it; where it sets no gate, the plan names what the stretch settles instead.

Before day 1 · The top of the charter. The four roles are named: the sponsor, the long-clock holder, the finance lead and the sceptic. Part 1 of the Twelve-Week Charter is filled in, including each person's own longest clock. If nobody fits the long-clock holder's line, write *empty*; chapter 9 calls that the first finding of the sequence, and the twelve weeks become, in part, a search for someone to fill it. The sponsor writes the quarter's hard weeks into part 2 and sets the gate dates for weeks 2, 4, 6, 8 and 12 clear of them. The leader first fills in a Conversation Card for herself, chapter 11's seventh room. A leader who cannot yet give the work twelve weeks can begin instead with the Monday Card from chapter 13, which is the first week in five steps.

Days 1 to 14 · Weeks 1 and 2, the snapshot. In week 1 the four meet and the sponsor states the sequence, its end date and the calendar rule. Each of the four fills in the Horizon Snapshot alone, without discussion, and then the four compare. The differences are the first finding. In week 2 they agree one snapshot, writing both answers where they cannot. The finance lead adds the shortest clock and who sets it; the sceptic, the strongest reason to stop now. Keep the four separate snapshots; they are needed again on day 85.

Decision at the end of day 14: whether to continue. If the snapshot shows no long-clock asset of consequence, or a crisis that will dominate the quarter, the right answer may be to stop and return later. The decision and its reason are written on the snapshot and dated.

Days 15 to 28 · Weeks 3 and 4, the purpose. In week 3 the group drafts the Purpose Sentence. Three drafts are normal. The test is chapter 2's: name one profitable thing the sentence would make the company refuse. In week 4 the sceptic runs the Purpose Stress Test against the best draft, taking the four objections in order, and each weakness it finds becomes a line in the charter's list of structural changes. The finance lead completes the table of capital sources and their clocks, debt included.

Decision at the end of day 28: the one document in which the purpose sentence will first be written: a board charter, a shareholders' agreement, the terms of the largest bonus plan, or the articles. Choose the one that

can actually be changed before week 12, and record the plan for the stronger one. A sentence that will not settle goes forward marked provisional.

Days 29 to 42 · Weeks 5 and 6, the register. In week 5 the finance lead, with the line managers who know each asset, fills in the Two Clocks Register. For regeneration time, ask the person who would have to rebuild the asset, and write down what they say. In week 6 the four read the draw-down pairs aloud. The sceptic tests each: a draw-down, or a genuine efficiency? If the meeting was held in a frightened week, part 5 of the register asks for the date on which it will be read again in a calmer one.

Decision at the end of day 42: the one mismatch to close first, circled on the register. One, not five. If the pairs reveal more than the group is ready to act on, chapter 9's answer is to narrow the change, never to soften the register.

Days 43 to 49 · Week 7, the owners. The finance lead and the long-clock holder complete the Owner's Horizon Review, including the cut arithmetic, so that the company knows the size of the incentive it is resisting. The same pair fills in the Steward Structure Sketch, which shows where the right to the money, the right to decide and the right to sell control now sit. If a change of ownership is in view, the Hand-Over Ledger joins them.

No gate. Chapter 9 makes week 7 a week for reading. What it settles is a fact rather than a choice: who holds the money, the votes and the sale, and on what clocks.

Days 50 to 56 · Week 8, the midpoint gate. It is the longest meeting, and belongs in the calmest week of the quarter. The sceptic presents the case against at the start, not the end. The four review every page so far and agree three things: the one structural change, chosen from the circled mismatch and the stress test's weaknesses; the long-clock holder from week 12, named if the role was empty, or, if it was filled, confirming what they will read, how often, and what they will do if the register shows a draw-down; and the list of conversations, each assigned by the sponsor to a named person and a week.

Decision at the end of day 56: the charter's middle page, with the change, the holder and the conversations written on it. A dissent, if there is one, is written in beside them.

Days 57 to 70 · Weeks 9 and 10, the conversations. One Conversation Card for each conversation on the list, prepared before and completed after. Bring the page, not only the argument: the register to the board, the cut arithmetic to the lender, the Steward Structure Sketch to the family. The calendar rule applies with most force here. A lender is not approached in the week of a covenant test, nor the staff in the quarter of a pay negotiation. For a company with outside investors, week 10 is when the Investor Clock Letter is drafted, reviewed by the company's lawyers and finance lead, and scheduled for the next regular reporting date. It is not sent in week 10.

What these weeks settle: chapter 9 sets no gate here. The stretch ends with the revised change, written into the charter beside a note of what each audience said and what changed because of it.

Days 71 to 77 · Week 11, the predictions. Before the change is made, the four fill in the Prediction Register: what the change should affect, by how much, by when, the mechanism in one sentence, and the result that would show it had failed. Chapter 10 adds the baseline: where each measure stands now, and for the three years before if the records exist. The sceptic writes one prediction of their own, the result they expect if the change does nothing. It also carries a caution drawn from Goodhart and Strathern: read a new measure for at least a year before anyone's pay depends on it, because a measure people are paid on stops being information.[82] Keep the predictions modest: a register that predicts higher profit from a single structural change promises more than any study in chapter 5 could support.

What the week settles: the register, signed and dated, with the earliest date on which anyone will draw a conclusion from it.

Days 78 to 84 · Week 12, the signature. The sponsor signs the amended document, effective from a stated date. The long-clock holder receives the dossier and sets the first date on which they will read the register. The group writes a single page for the staff, in plain words, naming a document, a date and a person.

Decision at the end of day 84: the signature itself.

Days 85 to 90 · The second snapshot. Each of the four fills in the Horizon Snapshot again, alone, without looking at the first. Then the four lay the two sets of pages side by side. Chapter 1 called the difference between the two pages the most honest measure the book can offer of whether it was worth reading. Read it part by part: whether the two sentences stand closer together, whether part 4 now carries a name. Both sets go into the dossier.

Decision at the end of day 90: the dates of the year after, written into the long-clock holder's calendar and into part 5 of the charter.

The year after. As chapter 9 sets it out: each quarter the holder reads the register beside the accounts and asks which long-clock asset paid for the result, and the answer is minuted. At six months the predictions are compared and nothing is concluded. At twelve months, in a calm week, the four record a verdict, held, held but did nothing measurable, or failed, and if it allows, choose the next clock. Once a year the board and the long-clock holder read the purpose sentence against one question: what profitable thing did it make us refuse?

For a smaller firm. In a firm of a dozen people the four roles may be two people and the twelve weeks may be six. The order holds, and the second snapshot still comes last.

The ninety days, for a household

Chapter 12 follows a composite household through a year. This plan takes the first quarter, gives each part of the Household Horizon Page a stretch of days, and ends with the quarterly reading chapter 8 recommends and a second Horizon Snapshot. The December reading stays at the end of the year. None of this re-

quires money, and none of it is financial advice: the plan changes how a household decides, not what it buys, borrows or holds.

Before day 1 · A calm evening. Choose one, after the children are asleep, in a week that is not the week of the card statement.

Days 1 to 7 · The holder. Each adult fills in the Horizon Snapshot alone, for the household. Then: who holds the household's long clock, remembering what the money is for over years? Chapter 12's point is that holding it by default is not the same as holding it by agreement. Agree it aloud, and agree what the other adult's part is, which in chapter 12 was to listen when the holder says a decision draws on a long-clock line.

Decision by day 7: the holder's name, and the date it was agreed, in part 1 of the Household Horizon Page.

Days 8 to 21 · The sentence. Write the household's purpose sentence: this money exists to do something for someone, and we will not do a named thing to get it. Three drafts are normal. Chapter 2's tests, in smaller words: what is this money for, whose problem does it solve, and what will we not do to get it. The draft worth keeping would make the household refuse something.

Decision by day 21: the sentence, pinned beside the calendar where the bills are, not filed in a drawer.

Days 22 to 35 · The long-clock lines. Fill in part 2: the health of each adult, a qualification or skill, each child's schooling, a parent's care or independence, the home, a relationship. Against each, write how long it would take to rebuild if it were run down, or *unknown*, or *does not regenerate*. Any decision that draws on an asset that does not regenerate is a decision of a different kind.

Decision by day 35: every line written, each with an honest entry in the years column.

Days 36 to 49 · The short clocks. Fill in part 3: the rent, the card statement, the overdraft, the rota. For each, write the long-clock line it would cut first if it ran short, and ask whether that is the line the household would choose to cut.

Decision by day 49: the long-clock line the household will protect first in a bad month, written down now, so that the bad month does not decide for it.

Days 50 to 63 · The patient party. Find one party on a long clock with the standing to help: a relative, a credit union, an employer with a flexible scheme, a neighbour, a small buffer kept for exactly this purpose. Ask in a calm week, specifically, for something specific, for a named period, and offer something back. A Conversation Card, prepared before and completed after, suits the request.

Decision by day 63: part 4 filled in: who, what was asked for, until when, and what was offered back.

Days 64 to 84 · Living with the page. Most of the work of these weeks is a question. When a decision arrives that would improve the month at the cost of a long-clock line, a run of extra shifts or a course paused because it looks like money waiting to be used, the holder asks chapter 4's question aloud: which long-clock

asset pays for this result, and how long will it take to refill? When a hard month leaves no choice, choose which line, set a limit, write the date after which it will not be repeated, and record it in part 5. Chapter 10 suggests one prediction a year for a household, for example that a protected monthly sum for a course will produce the qualification by a named date; these weeks are a good time to write it. Notice, as chapter 12 asks, whose old fear is speaking when the short clock wins without discussion.

What the weeks settle: each draw-down recorded as chosen or not, with its limit.

Days 85 to 90 · The first quarter, read. In a calm week, read the quarter with the page in front of you, and ask the question chapter 8 gives a household once a quarter: which long-clock line paid for this quarter's result, and how long will it take to refill? Then each adult fills in the Horizon Snapshot again, alone, and the two pages are laid beside the first ones.

Decision by day 90: the one change for the next quarter, and the date of the December reading written on the calendar, between the bills.

Before the pages

The pages that follow are short on purpose. After ninety days, if the plan has held, a company has changed one line in one document and handed a folder to one person; a household has a sentence beside its calendar and a date that is not a bill. Neither looks like much on the day. Each is somewhere it binds, held by someone who has agreed to read it again. Where the holder of the long clock is the workforce itself, the house's book on employee ownership, *Owning the Work*, takes up the case.

1 · The Horizon Snapshot (chapter 1)

One page. Fifteen minutes. For a company, a team, or a household.

1 · The two sentences

- The sentence we show (purpose, mission, what the money is for): _____
- The sentence we run on (what we are actually judged on, and by whom): _____
- The last time the two disagreed, and which one won: _____

2 · The longest-lived thing we depend on

- Name it (a skill, a relationship, a reputation, a pipeline, land, health, a child's schooling): _____
- How long it would take to rebuild if it were run down: _____ years

3 · The shortest clock that can draw on it

- Who decides about it: _____

- Over what period they are judged: _____ months
- Who sets that period: _____

4 · Who holds the long clock

- The person or body with the longest horizon, the standing to act and some distance from daily management: _____ (or: nobody yet)

5 · One line

- If the clock in part 3 is shorter than the time in part 2, write the one thing that would lengthen it: _____

Dated __ · to be repeated after chapter 13 on ____

2 · The Purpose Sentence (chapter 2)

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:* ___

3 · The Purpose Stress Test (chapter 3)

Run this on a company, a fund, a family's money, or your own. One page. An hour.

1 · The purpose, in one sentence

2 · Objection one: can it rank a decision?

- A profitable opportunity this purpose would refuse: _____
- The trade-off rule when purpose and this year's profit disagree: _____
- The measure of the purpose itself, reported how often: _____

3 · Objection two: does it bind?

WHERE THE PURPOSE APPEARS	YES / NO
The articles, partnership deed, trust deed or will	
The duties of the directors or trustees	
The largest pay or bonus plan	
A right held by someone outside management	

- If management ignored it tomorrow, who could stop them, and how: _____

4 · Objection three: is patience present?

- Who holds the purpose, and are they separate from those who run the company: _____
- The review date or sunset on any shield from short-term pressure: _____
- The last time the long-term owner asked a hard question, and what it was: _____

5 · Objection four: who are the owners, and on what clock?

SOURCE OF CAPITAL (EQUITY, LOAN, CARD, INVESTOR, FAMILY)	AMOUNT	EXPECTED PERIOD BEFORE REPAYMENT OR RETURN	WHAT THEY CAN DO IF THE PERIOD RUNS SHORT

- The shortest clock in this table: _____ months
- The longest-lived thing the purpose depends on: _____ years
- If the first is much shorter than the second, the one change that would lengthen it: _____

6 · The verdict

Strong on: __ · weakest on: _ · *the one structural change to make this quarter:* ___

4 · The Two Clocks Register (chapter 4)

Keep it as a single table, reviewed each quarter beside the accounts. Chapter 10 shows how to turn its trend column into measures; this workbook reprints it from chapter 4.

1 · The assets on long clocks

ASSET THE PURPOSE DEPENDS ON	WHAT RENEWS IT	REGENERATION TIME IF RUN DOWN (YEARS)	LAST YEAR'S SPEND ON RENEWING IT	TREND: RENEWED / HELD / DRAWN DOWN
A team's tacit skill				
Long customers' trust				
Research or product pipeline				
Reputation in the town or trade				
Land, water, materials				
For a household: health, a qualification, a child's schooling, a home				

2 · The decision clocks

WHO DECIDES	JUDGED OVER (MONTHS)	WHO SETS THAT CLOCK	COULD IT BE LENGTHENED, AND BY WHOM

3 · The mismatches

For each asset in part 1 whose regeneration time is longer than the clock of anyone in part 2 who can draw on it, write one line:

- Asset __ renews over _ *years; can draw on it and is judged over* ___ months.

4 · The draw-down pairs

List any result that improved last year while an asset in part 1 was drawn down:

- Result __ rose while ____ fell.

5 · The room

- Was this register reviewed in a meeting where people were afraid for their jobs or their year? yes / no
- If yes, the date it will be read again in a calmer week: ______

6 · The patient party

- The one party with a long clock and the standing to act: ______ (or: none)
- When did they last act on it, and how: ______

7 · The single change

- The one mismatch to close this quarter, and how (an owner, a tenor, a pay period, a purpose clause, a line in the minutes): ______

5 · The Owner's Horizon Review (chapter 5)

Fill this in for a company you own, run or advise, or for a household's largest asset. Figures in your own currency, written out.

1 · The two lines on long clocks

LINE	ANNUAL SPEND	REGENERATION TIME (YEARS)	WHAT IS LOST IF STOPPED, AND WHEN IT SHOWS

2 · The cut arithmetic

- Current operating profit (or household surplus): ______
- Profit if both lines are stopped: ______
- Any multiple applied by a buyer, lender or valuer: ______
- Value at current profit: __ · value after the cut: _ · *difference:* ___
- Who receives the difference: __ · who pays it, and in which year: ____

3 · The structure

QUESTION	TODAY	ONE CHANGE THAT WOULD LENGTHEN THE CLOCK
Is the purpose written where it binds?		

QUESTION	TODAY	ONE CHANGE THAT WOULD LENGTHEN THE CLOCK
Who controls the company, and could they sell it for personal gain?		
Who receives the profits, and do they control it?		
Over what period are managers paid for results, and on what measure?		
Is there a rule protecting the long-clock lines?		

4 · The evidence you are relying on

- The study or case closest to your situation: _____
- What it shows: _____
- What it cannot show about you: _____

5 · The decision

- Keep both lines / cut one / cut both: __ · reason in one sentence: ____
- Date to read this page again: _____

6 · The Steward Structure Sketch (chapter 6)

One page, for a company you own, run or advise. It does not recommend a legal form. It shows where the three rights now sit.

1 · The three rights today

RIGHT	WHO HOLDS IT NOW	THEIR CLOCK (MONTHS OR YEARS)	COULD THEY USE IT TO DRAW DOWN A LONG-CLOCK ASSET THIS YEAR?
The right to the money (dividends, distributions, sale proceeds)			
The right to decide (votes, board appointments, vetoes)			
The right to sell control			

2 · The bundle

- Are any two of these rights held by the same party? Which: _____
- The shortest clock in the table: __ · held by: ____

3 · The statute

- Is there a written document that says what the company is for and binds those who hold the rights? yes / no · where: _____
- Who can change it, and by what procedure: _____

4 · The borrowing

Choose one, write the step, and date it.

BORROWING	THE STEP	DATE
Separate the money from the decision for one long-clock line		
Write a short statute into an existing document		
Put a speed limit on the sale of control		
Make the long-clock holder present (visits, reading, questions)		

5 · The honest note

- What this sketch cannot tell us (law, tax, family wishes, the sector's future): _____
- The adviser we will consult before any legal change: _____

7 · The Hand-Over Ledger (chapter 7)

For a founder, a family or a board considering what happens to control. One page; revisit it each year.

1 · The purpose after us

- What this company is for, written for its next owners: _____
- The long-clock asset it must never sell to pay for a hand-over: _____

2 · The three rights, now and after

RIGHT	HELD NOW BY	TO BE HELD AFTER THE HAND-OVER BY	DATE IT MOVES
The money (dividends, distributions, proceeds)			
The decision (votes, board appointments)			
The sale of control			

3 · The stages

- First settlement (what moves, when): _____
- Second settlement (what moves, when): _____

- What must be true before the second stage: _____

4 · The founder's seat

- The role the founder or family keeps: _____
- For how long, and what ends it: _____

5 · The owner who will be present

- Who will read the accounts, visit, and ask hard questions after us: _____
- How they are kept at a distance from daily management: _____

6 · The honest note

- What we do not yet know (tax, law, family wishes, the market): _____
- The advisers we will consult, and by when: _____

8 · The Investor Clock Letter (chapter 8)

A one-page letter a company writes to its owners and lenders, once a year, in place of or beside a short-term forecast. A private firm writes it to its family owners and bank; a household can write it to itself.

1 · The clocks we are declining

- The short-term forecast or target we will no longer publish or be judged on: _____
- Why we are declining it, in one honest sentence: _____
- What we expect it to cost in the short run: _____

2 · The clocks we will be measured on

LONG-CLOCK ASSET	MEASURE	REPORTED HOW OFTEN	REGENERATION TIME (YEARS)	LAST YEAR	THIS YEAR

3 · Our owners and their clocks

OWNER OR LENDER	APPROXIMATE SHARE OR AMOUNT	EXPECTED HOLDING PERIOD	WHAT THEY CAN DO IF THE PERIOD RUNS SHORT

4 · What we ask of them

- The period over which we ask to be judged: _____ years
- What we will tell them each year, and when: _____

5 · What we have changed alongside

- Pay: the period and measure on which executives are now judged: _____
- Reporting: the measures added: _____
- The date we explained the change before making it: _____

6 · The honest note

- What the evidence says about changes like this, and what it cannot show about us: _____
- The date we will read this letter again: _____

9 · The Twelve-Week Charter (chapter 9)

One page at the front of the dossier. Fill in the top before week 1; the rest as the weeks go.

1 · The people

ROLE	NAME	THEIR OWN LONGEST CLOCK (YEARS)
Sponsor		
Long-clock holder (or: empty)		
Finance lead		
Sceptic		

2 · The calendar rule

- Long-clock decisions are taken in calm weeks. The hard weeks this quarter are: _____
- Gate dates (weeks 2, 4, 6, 8, 12): _____

3 · The weeks

WEEK	ARTEFACT	DONE (DATE)	DISSENT RECORDED?
1–2	Horizon Snapshot (chapter 1)		
3	Purpose Sentence (chapter 2)		
4	Purpose Stress Test (chapter 3) · document chosen: _____		
5–6	Two Clocks Register (chapter 4) · mismatch circled: _____		
7	Owner's Horizon Review (chapter 5) · Steward Structure Sketch (chapter 6) · Hand-Over Ledger if an ownership change is in view (chapter 7)		
8	The change · the holder · the conversations		

WEEK	ARTEFACT	DONE (DATE)	DISSENT RECORDED?
9–10	Conversations held (chapter 11) · Investor Clock Letter drafted (chapter 8)		
11	Prediction Register (chapter 10)		
12	Signed document · dossier to holder · page for the staff		

4 · The change

- The one structural change: _____
- The document it is written in: __ · effective from: ____

5 · The year after

- First quarterly reading of the register by the holder: _____
- Six-month comparison: __ · twelve-month verdict: ____
- The next clock to lengthen, if the verdict allows: _____

10 · The Prediction Register (chapter 10)

Keep it as one document, opened before the year and read at its end. Use one page per change.

1 · The change

- What changed, as a fact about a document or decision: _____
- Date it took effect: _____
- Who made it: _____

2 · The prediction

MEASURE	BASELINE (AND THE THREE YEARS BEFORE, IF KNOWN)	EXPECTED MOVEMENT	BY WHEN

- The mechanism, in one sentence: _____
- The disconfirming sign: _____
- The earliest date we will draw any conclusion: _____

3 · The pairs

MEASURE	READ BESIDE	WHAT GAMING WOULD LOOK LIKE

4 · The annual reading

ITEM	LAST YEAR	THIS YEAR	NOTE
Draw-down pairs (count)			
Long-clock spend share, by line			
Regeneration-time estimates, by asset			
Turnover where the tacit skill sits			
Revenue from customers of five years or more (share)			
The patient party's activity (visits, questions, reviews)			
Decisions whose minutes name the long-clock asset drawn on			

5 · The verdict

- What happened against the prediction: _____
- Consistent with the mechanism? yes / no / unclear · why: _____
- What surprised us: _____
- The one change for next year, with its prediction on a new page: _____
- Read by __ on ____

11 · The Conversation Card (chapter 11)

One card per conversation. Prepare it before; complete it after.

Before

- Audience: board / lender / family / investors / staff and representatives / sceptic / other: _____
- The clock they listen on: _____
- What they are likely to fear: _____
- What they need to hear, in one sentence: _____
- The page I will bring (register, review, sketch, letter, staff page, predictions): _____
- What is not changing, in three items: _____
- The role I will offer them: _____
- The week, and whether it is a calm one: _____ · calm: yes / no

The script, in my own words

After

- What they said, especially the objection: _____

- What changed in the plan because of it: _____
- What they agreed to, if anything: _____
- The next date with this audience: _____
- Recorded in the charter: yes / no · date: _____

12 · The Household Horizon Page (chapter 12)

One page, kept beside the calendar. Fill it in in January; read it in December.

1 · The holder and the sentence

- The holder of our long clock is __ (agreed on ____)
- This money exists to __ for _, *and we will not* ___ to get it.

2 · The long-clock lines

ASSET	WHAT RENEWS IT	YEARS TO REBUILD IF RUN DOWN (OR UNKNOWN, OR DOES NOT REGENERATE)	THIS YEAR: RENEWED / HELD / DRAWN DOWN
Health (each adult)			
A qualification or skill			
Each child's schooling			
A parent's care or independence			
The home			
A relationship			

3 · The short clocks

WHAT ARRIVES	HOW OFTEN	WHO SETS IT	THE LONG-CLOCK LINE IT WOULD CUT FIRST

- Is that the line we would choose to cut? yes / no · if no, the line we would protect instead: _____

4 · The patient party

- Who: __ · what we asked for: _ · *until when:* · *what we offered back:* ___

5 · The year's draw-downs

- Month __: _ *rose while fell · chosen? yes / no · limit set:* ___

6 · The December reading

- Assets in better health than January: _____
- Assets in worse health: _____
- What surprised us: _____
- The one change for next year: _____

13 · The Monday Card (chapter 13)

One card, kept in a wallet or pinned above a desk. Fill it in on Monday. Read it on Friday.

For a leader

- The holder of our long clock is _____ (or: nobody yet)
- Our purpose, in one sentence: _____
- The document I put it in this week: _____
- The longest-lived asset we depend on: __ · years to rebuild: ____
- The shortest clock that can draw on it: __ months · set by: ____
- The one clock I lengthened this week, and how: _____
- The one long-clock party I gave a voice to, and where: _____
- What I heard: _____

For a household

- The holder of our long clock is _____
- This money exists to __ for _, *and we will not* ___ to get it.
- Our long-clock lines, and years to rebuild each: _____
- Our shortest clock: __ · the line it would cut first: ____ · is that the line we would choose: yes / no
- Our patient party: _____

On Friday

- What changed in a document, not only in a conversation: _____
- What I will do next week, one thing: _____

The time your company needs

Every company keeps two sentences about itself, the one it shows and the one it runs on. In a hard quarter the second usually wins, and it wins quietly.

Luminous Prosperity Inc. takes this work into organisations as a gainshare. The flow is opened from the inside, with the people who already hold what the firm knows. The gain is counted from records the firm already keeps, against a measure both sides sign before anyone knows the answer, and the house is paid as a share of what is found: between thirty and ten per cent of it.

The book gives twelve weeks and a Horizon Snapshot. Which of your slow assets is being spent to meet a fast measure, and what renewing it would return, is read from your records. That begins with a conversation.

REQUEST A CONVERSATION

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53. Novo Nordisk Fonden, "About the foundation" and "Ownership" (novonordiskfonden.dk/en, read 19 October 2026). Figures as stated by the foundation for the end of 2025. Novo Nordisk's own governance page gives slightly different figures for an earlier date (8 November 2024); the difference reflects the date, not a disagreement.

54. Santa Anna, A. *Ecstatic Economics*. The Luminous Developmental Canon, 2026. Sections on steward ownership, Mondragón and the five domains.

55. Patagonia. (2022, September 14). Patagonia's next chapter: Earth is now our only shareholder [Press release]. https://www.patagoniaworks.com/press/2022/9/14/patagonias-next-chapter-earth-is-now-our-only-shareholder (read 19 October 2026). All figures and quotations are the company's. The release does not discuss taxes; Patagonia's ownership page was unavailable when checked.

56. John Lewis Partnership, "75 years of the Partnership's Second Trust Settlement" (jlpjobs.com, read 19 October 2026). The 1929 date is given on that page as twenty-one years before the second settlement and is confirmed by the Partnership's memory-store archive titles; the memory-store pages themselves refused a direct fetch. The account of Spedan Lewis's motives is the Partnership's own. The Partnership's Constitution was not read in full for this book, and its principles are not quoted.

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60. The account that Unilever ended earnings guidance and quarterly reporting at the start of Polman's tenure, and the report of the share price falling on the morning of the results, appear in press and opinion writing (among them Bloomberg, "A Wall Street Resolution: Stop Giving Earnings Guidance," 2 January 2013; Gulf News; just-food.com; Accountancy Age, 6 February 2009). They were not confirmed from a Unilever filing for this book and are reported here as the press's account. No share-price figure is given.

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63. Houston, J. F., Lev, B., & Tucker, J. W. (2010). To guide or not to guide? Causes and consequences of stopping quarterly earnings guidance. *Contemporary Accounting Research*, 27(1), 143–185. https://doi.org/10.1111/j.1911-3846.2010.01005.x (resolved by Crossref; abstract read through OpenAlex, 19 October 2026). United States firms; it studies companies that chose to stop, most of which were performing poorly.

64. Chen, S., Matsumoto, D., & Rajgopal, S. (2011). Is silence golden? An empirical analysis of firms that stop giving quarterly earnings guidance. *Journal of Accounting and Economics*, 51(1–2), 134–150. https://doi.org/10.1016/j.jacceco.2010.10.006 (resolved by Crossref, 19 October 2026). The published abstract could not be read; the findings given are from the abstract of the working-paper version as indexed by OpenAlex (SSRN, https://doi.org/10.2139/ssrn.820644, resolved by Crossref). The published version may differ in detail.

65. García Osma, B., Guillamón Saorín, E., & Mercado, F. (2023). Quarterly earnings guidance and real earnings management. *Journal of Business Finance & Accounting*, 50, 1029–1059 (online December 2022). https://doi.org/10.1111/jbfa.12683 (resolved by Crossref; abstract read through OpenAlex, 19 October 2026). United States firms; associations, with the authors noting endogeneity.

66. Bushee, B. J. (1998). The influence of institutional investors on myopic R&D investment behavior. *The Accounting Review*, 73(3), 305–333. https://doi.org/10.2308/tar-902584. An association between investor type and research cuts, not a full causal account.

67. Santa Anna, A. *Ecstatic Economics*. The Luminous Developmental Canon, 2026. Section on capital and consequence.

68. Santa Anna, A. *Ecstatic Economics*. Luminous Prosperity, 2026. Chapters 3, 4 and 5, including the sections on psychological safety and on common pitfalls. The research on workplaces the book summarises is cited there; it is quoted here for the book's argument, not re-examined.

69. Santa Anna, A. *Ecstatic Economics*. The Luminous Developmental Canon, 2026. Chapter on the measurement of prosperity (GDP) and the section on common misconceptions and pitfalls.

70. Strathern, M. (1997). 'Improving ratings': Audit in the British university system. *European Review*, 5(3), 305–321. https://doi.org/10.1002/(SICI)1234-981X(199707)5:3<305::AID-EURO184>3.0.CO;2-4 (resolved by Crossref, 19 October 2026). Goodhart's original observation is in Goodhart, C. A. E. (1975), "Problems of monetary management: the U.K. experience," *Papers in Monetary Economics*, Reserve Bank of Australia; it was not re-read for this book. The common phrasing of the law is a paraphrase associated with Strathern's essay and is given here as a paraphrase, not a quotation. Strathern's essay concerns university audit, not firms.

71. Santa Anna, A. *Ecstatic Economics*. Luminous Prosperity, 2026. Chapters 1, 4 and 5, including the sections on the shareholder model, psychological safety and steward ownership.

72. Santa Anna, A. *Designing Living Financial Institutions*, Chapter 1, "Institutions as Organisms: Charter, Metabolism, and Lifespan." Living Systems Textbooks, unpublished.

73. Bushee, B. J. (1998). The influence of institutional investors on myopic R&D investment behavior. *The Accounting Review*, 73(3), 305–333. https://doi.org/10.2308/tar-902584 (resolved by Crossref, 19 October 2026). A study of United States firms; it identifies an association between investor type and research cuts, not a full causal account.

74. Santa Anna, A. *Ecstatic Economics*. The Luminous Developmental Canon, 2026. Chapters on the somatic dimension of economics and on scarcity. The physiological account draws on polyvagal theory, whose claims are debated in the research literature; it is cited for the book's argument about how households experience money, not as settled physiology.

75. Santa Anna, A. "Regenerative Governance," Chapter 5, section on time horizons. Unpublished manuscript, Luminous Prosperity, 2026.

76. Santa Anna, A. *Designing Living Financial Institutions*, Chapter 1, "Institutions as Organisms: Charter, Metabolism, and Lifespan." Living Systems Textbooks, unpublished.

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80. Santa Anna, A. *The Luminous 100*, No. 85, "Stakeholder Mapping," Luminous Upgrade. Luminous Prosperity, 2026.

81. Santa Anna, A. *Ecstatic Economics*. The Luminous Developmental Canon, 2026. Chapter 3, "The Somatic Dimension of Economics," from the canon text. The physiological account draws on polyvagal theory, whose claims are debated in the research literature; it is cited for the book's argument about time horizons and for the calm-weeks rule, not as settled physiology.

82. Strathern, M. (1997). 'Improving ratings': Audit in the British university system. *European Review*, 5(3), 305–321. https://doi.org/10.1002/(SICI)1234-981X(199707)5:3<305::AID-EURO184>3.0.CO;2-4 (resolved by Crossref, 21 October 2026). Goodhart's 1975 paper is not re-read here; see chapter 10, note 2. Strathern's essay concerns university audit, not firms, and the caution is chapter 10's recommendation for practice, not a finding of either source.

The Long Clock

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