

Pilgrims of Capitalism: Financial Success on the Final Frontier (Third In a Series of Three)

Every generation has its pilgrims and pioneers. The courageous people who landed at Plymouth Rock and settled this great country were surely such trailblazers in their day. In each succeeding generation, our founding fathers fought and sacrificed to forge the foundations of freedom we stand upon today. Countless others have been pioneers in industry, technology, medicine and other advances in the quality of human life. As I have detailed in the two articles preceding this one, most of the stuff for which they worked, sacrificed, fought and died can be defined as capital. Who are the pilgrims today in our ever changing global economy? What are the challenges we face? While it is true we need not build fortresses to guard our scalps from irate natives, defending their own homeland, we protect our persons and property behind curtains of electronic surveillance, from an increasing wave of crime and violence. Even though we may not clear a plot of land and grow our own crops, each of us faces the challenge of conquering our own section of the wilderness as we enter the new millennium. The final frontier today, in my opinion, is not outside us, but within. The final frontier is maximizing human potential.

As mentioned above, I have written on the subject of capital in each of two preceding articles. For this third and final installment, I chose to share actual case histories, in hopes you can begin to see what a difference a capital holding might make for you and others in your community.

In a sleepy little fishing village on the Caribbean Coast of Columbia is a group of people who live much better today than they once did. A few years ago, these people were farmers who rented land. The government of the Cordoba province sent police squads in to remove the peasant farmers from the land. With no place to go and no way to make a living, they turned to the sea, because no one could charge them rent on the waters of the ocean, or the harvest they might take from it with their labors as fishermen. This group of 22 disenfranchised pilgrims joined together to build two fishing boats. They formed a cooperative and shared in their catch, to feed all 22 families. Eventually, their profits allowed them to buy additional boats with outboard motors. They went on to acquire property on shore, which they also jointly owned. With financing from an agricultural bank, they built a cold storage facility to preserve their daily catch, a market, a meeting hall and offices. Now, several years later, they plan to buy land which will restore their original dream of working their own farms.

What was the key to their success? While it is true they had courage, creativity and other intangible assets, capital was the thing that ultimately empowered them to restore prosperity and dignity to their community. Where did they get the capital? From the sea. They started on the very bottom of the capital chain, with products provided by nature, which they could accumulate through their own labors. By combining their resources in a cooperative, they harnessed another powerful principle: synergy. I learned as a Boy Scout that it is difficult to keep a fire burning with just one log. By putting two or three logs together, the warmth from each one keeps the others kindled. Economic cooperation

has the same synergistic effect. By sharing resources, everyone gains a greater individual benefit with less personal investment.

Almost thirty years ago, a young economist, named Muhammad Yunus, returned home to Bangladesh after earning his Ph.D. in the U.S. More than ever, he noted widespread suffering in his own country, in stark contrast to America. Recognizing private enterprise as one of the fastest routes out of poverty and realizing small businesses require capital to thrive, he formed the Grameen Village Bank of Bangladesh. His bank began making micro-loans of \$20 to \$50 each to small groups of enterprising people who became jointly responsible for the repayment of each other's loans. With these funds, they purchased raw materials for basket weaving or other small-scale projects. To date, Grameen Bank has loaned in excess of \$400 Million and has a repayment record of 98%. Millions of poor people in Bangladesh have raised their incomes tenfold within one year, given this access to capital. With such statistics arising out of the poorest of economic conditions on earth, how important is capital to people in your community?

Many programs exist today for small business loans. These loans are funded both by government agencies and private organizations. What is lacking is a mechanism for connecting the people who need the money with those who make the loans. Anyone who has knowledge of these various loan programs and the initiative to locate the would-be borrowers has an opportunity to profit by making this information available to the right people at the right time. For example, Arkansas has the Good Faith Fund. Chicago has the Full Circle Fund while the Lakota Fund has allowed Sioux tribal members to go into business for themselves. Even the Small Business Administration experimented with a one-year, \$15 Million dollar micro-enterprise loan program in 35 U.S. Cities.

Teresa Bowles is an eighth grade dropout living in her hometown of Booneville, Kentucky. Typical of many small towns in Appalachia, Booneville is conservative, white and troubled. Adult per capita income in Booneville is only \$5,791 per year, compared with the national average of \$14,420. Several of the town's 262 residents still live in tar paper shacks without indoor plumbing. Only a third of the homes have a telephone. Many residents of Booneville are illiterate. With the aid of loans from a non-profit agency called Workers of Rural Kentucky (WORK), Teresa beat the odds by building her own T-shirt business. By supporting small business ownership, WORK is liberating rural Kentucky families from generations of food stamps, government dependency and poverty. (Source: Timothy L. O'Brien, "Making Entrepreneurs of the Poor May Lift Some Off Federal Aid," *Wall Street Journal*, 22 January 1993, A1,A5.)

In his book, "Self Made in America" by John McCormack, with David R. Legge (1990, Addison – Wesley Publishing Company, Inc.), the author tells a fascinating story about a Vietnamese immigrant named Le Van Vu.

Le was born into a very wealthy family, one of the wealthiest in Southeast Asia. As a boy, he lost his father, who was brutally murdered. His mother took Le to South Vietnam, where he eventually attended law school. Like his father before him, Le established his own businesses and was soon prospering again.

Now, to this point, with the exception of the loss of his father, you might think he was born with a silver spoon in his mouth. I admit, so far this story sounds like Le may have had some advantages you and I don't enjoy. However, as commentator Paul Harvey says, wait until you hear the "Rest of the Story."

On a business trip to North Vietnam, Le was captured and imprisoned by the North Vietnamese. After three years in prison, Le escaped and made his way back to South Vietnam. Upon his arrival, and completely to his surprise, he was imprisoned again by his own government, on the suspicion of being a spy for the North. After his release, he rebuilt his business empire, this time by becoming one of the largest processors of fish products in Vietnam.

As it became clear that the US was going to withdraw from Vietnam, Le could see the handwriting on the wall. He knew that his enemies in the North would be a threat, not only to his businesses, but to his life. After much contemplation, Le took all of the gold he had accumulated and sailed out in the harbor in one of his fishing boats. There he bought safe passage for himself and his wife to the Philippines, leaving behind all he had ever owned.

Starting over again, from a refugee camp, he built another successful fishing business in the Philippines. However, after a short time, Le surrendered his assets once again to set sail in pursuit of his ultimate dream, America. He and his wife landed in Houston without a penny to their name. But, you must remember the value of intangible capital. Le's enemies could take away his property and even his freedom, but they could not deprive him of his burning desire to succeed, his know how, or his network of family and friends. As is customary in Asian cultures, Vietnamese family members take care of each other. Le's cousin owned a bakery in Houston. He gave Le and his wife jobs in his bakery. Together, the Van Vu's income was only \$15,600 per year. They worked days baking and selling baked goods. They spent their nights diligently studying English on audio cassette.

Le's cousin offered to sell Le the bakery business for \$120,000, if Le could come up with a \$30,000 down payment. As you can imagine, \$30,000 was more money than many people in the position of the Van Vus might ever expect to accumulate. However, Le and his wife were not easily discouraged. If the trials of their life had taught them anything, it was to accept what life handed them and to chart their course from their point of beginning, however meager it may be. Le sat down with his wife and devised a plan. They knew if they rented an apartment, they would incur all of the expenses associated with owning one's own home. So, they agreed to live on \$50.00 per month and save the rest of their income toward the down payment on the bakery business. For two years, they ate mostly bakery goods. They slept on the floor, on makeshift mattresses made of sacks of sawdust and bathed by taking sponge baths in the restrooms at the mall where the bakery was located.

After two years, the Van Vus became the proud owners of their own bakery business. Even then, the sacrifice didn't cease. For two more years, they lived under the same conditions and paid off the \$90,000 note, to own the business free and clear. Finally they were able to move into an apartment and begin living a better life. Once more, using a profitable business as his spring board, Le parlayed his success into various enterprises, creating wealth and income beyond what most people in this country ever achieve. What is his secret? Le understands capital, especially intangible capital. Le is now called upon to speak to business school students who are inspired, as I am, by his saga. What is the bottom line message of Le Van Vu's success? If he can do it, I can do it, and so can you.

Please take a moment to reflect on the bounties of life and to express gratitude to everyone who has blessed your life in any way. Ponder the many gifts bequeathed to us by our Forefathers. As you do so, perhaps you will join me in asking the following questions: What gifts have I been given that would be a blessing to humankind, were I to fully develop and share these gifts? What is the nature of my true inheritance, not only from my relatives, but from all of those who have gone before me, especially in non-monetary terms? What duty do I bear to further increase this inheritance as I pass it on to the next generation? If that power I personally regard as my Supreme Being were to speak to me today, of what would He say my personal stewardship consists? Before I leave this world, what specific things do I chose to do to truly make a difference to those around me, starting now?

I hope as you consider these questions you will find more for which to be grateful than you ever imagined existed. It is my dream and vision that as you apply the principles you learn here and elsewhere, you will know the blessing of increasing your own capital holdings by showing others how to increase theirs.

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I would love to hear your comments on this article, which originally appeared in the Continuing Education column of The American Cash Flow Journal. You can find my most current contact information on my website, www.waynepalmer.com. Please take a minute to let me know what you think!

Sincerely,



Wayne