

Enterprises like Air T are driven by pragmatic business logic, made real when people exercise habits as individuals and teams. Leaders and colleagues then sometimes bring the best out of each other. And more is different.

Before we can discuss our business logic we need to establish some grammar (i.e. terminology). What do our stakeholders recognize as the relevant terms of our discussion? While many good things happen when we challenge our limits, we need a sensible approach to know whether we're playing with a full deck.

Over the coming months, as we implement new standards for shareholder outreach, we will be talking about our business logic, and the terms of the deal between management and stakeholders. Here we start the process by highlighting three elements of grammar that will serve us well over a long journey:

1. Dynamic People. We strongly believe that evidence clearly indicates that dynamic individuals, often working within dynamic teams, are the driving forces behind great businesses. Anyone with experience in organizations knows that the mediocre want to suffocate the dynamo. We will continue our efforts to identify outstanding, human-scale leaders; and will organize the company to provide space for those dynamos - framing a corporate constitution that delivers the freedom that dynamic leaders and dynamic teams need to build their businesses.
2. Economic Value Added. We believe that innovation, law and capitalism combine to make the modern world possible, and these forces have lifted countless people out of poverty. Before the Industrial Revolution, income per capita hardly budged for centuries. Shareholders entrust us with their money - the result of their labor - because they want us to grow the value of their money. We will use a system to measure each of our businesses and evaluate capital investments and performance accordingly, then report to shareholders.
3. Kelly Criterion. Mathematics have a strange and unusual power, likely because the mechanics of things can best be explained, within limits, by mathematical tools. In any case, it is true that some information is available to us in the present moment, yet the future state of things is not. Given this situation, the question for all companies is: how do we make investments with our limited resources, deciding among the many investment opportunities available now? This is a profound question that Shannon, Kelly and Thorpe worked to answer with a framework. It's a wicked hard - and maybe impossible - problem to rigorously implement the Kelly Capital Investment Criterion within the context of Air T, however, it's worth the growth effort. We will intelligently shape investments within a formula that includes payoff potential, bet size and total capital availability. Doing this repeatedly, and with discipline, has a good chance of leading to growth.

We often think about the logic driving our business, as well as the underlying grammar. Although the list above is far from complete, we expect the business of our holding company to be mostly described with twelve (12) to twenty (20) logical workflows. We expect them to fit well together. We expect them to have an elemental power. We expect them to define real limits yet be adaptive and alive, to best fit both our future opportunities *and* challenges.