



The Elephant In The Tent

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The owner of a small company, engaged in a conflict with the Revenue Canada, over ‘nonsensical’ tax issues was agonizing with me about his outrageous situation. “Do you realize” he lamented to me, “even if I was a big liar and actually owed the Government the \$5,000 they claim (which I don’t!!), they still are prepared to spend \$25,000 of effort to get my \$5,000. Does that make any sense?”

The actual situation was that of a small three-employee company which had been engaged in social product development and research over the past five year with very limited income but huge outgoing expenditures. The results had been impressive with product development that would benefit the users immensely and without question. Obviously, at this point in its life, the company did not owe taxes because expenses far exceeded income. Nor did the developer owe value-added taxes (GST or HST) because the same logic of financial outgo far greater than income would have value-added tax credits much larger than GST received. “Any fool can see that,” he reminded me. I then told him a story.

Imagine that you are a sole researcher on the Serengeti Plains doing a study on zebra, wildebeest and Thomson’s gazelle migrations. At the end of each day, you return to your tent to diligently log the movements of these beautiful animals, carefully setting up the records in such a way as to give your research partners, the information they need. That information focuses on data about such quadruped migrations, useful to conservationists and animal management authorities, headquartered in Dodoma, Tanzania’s capital in East Africa. The authorities and associates were awaiting your well organized reports with great anticipation. Already they had expressed their enthusiasm at the structure and orderliness of your tables and charts that provided them with key pieces of relevant information for future animal conservation planning.

One evening, as you are logging the day’s results, you notice a movement to your left at the tent opening – the small end of a swaying elephant trunk. Within seconds the huge hulk of an elephant head has replaced the tent opening and is staring right at you. The elephant speaks: “This is my land over which I have full, unquestioned control. I would like to know, exactly, what you are doing.” Proud of your records – which as noted above had researchers excited in Dodoma – you pass the charts to the elephant for her inspection and approval. “I don’t understand these. You did not log any scatological in-

formation which is the most important measure of all, as far as I’m concerned.” You explain the logic of the situation – it is that animal droppings have nothing whatsoever to do with your research. This infuriates the elephant who gives a blast from her trumpet that has your ears ringing. You obviously need another approach to satisfy this unthinking beast. Patiently you take another tack. The elephant stomps her feet and moves right into your tiny tent lifting it by virtue of her immense body (like a poorly fitting cape). Now she is furious with you. “You clearly do not understand me” she claims. “And that is intolerable. You have a simple choice: either you re-organize your records to include scatology in such a way that it is transparent, (the new catchword in the elephant world), to me, or I will destroy you and your pitiful tent.”

What choice does our researcher have? At that moment, not only his Serengeti location is in jeopardy, his well being is at risk. He must conform or leave altogether.

And so must our social researcher whose concern opened this article. If it rains you need an umbrella. If it snows you need warm clothing. That is, despite your main mission in life to produce widgets or to save souls, you have to conform to the environmental factors. The Government is a huge¹ unmistakable environmental factor in our business lives. While your records and bookkeeping need to be designed to provide the information you want, likewise they must be designed to provide the elephant what she wants. The conclusion: As you begin your fledgling enterprise, design those records for the elephant and then for yourself. Otherwise you will never be able to achieve your desired ends.

Good luck

Bill Caswell

¹ In most businesses, the largest cheque written each month goes to the Government.