05 / RESPECT FOR INDIVIDUAL AGENCY

Morning Star

Accountability without bosses

Who can commit shared resources when authority rests with colleagues?



Tomato harvester, World Ag Expo, 2011. Industry context. Photograph: Kowloonese.
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A clearly labeled fictional investment dispute tests the responsibilities that make self-management possible. The operating principles come from Morning Star's published model.

Colleagues in a hypothetical processing operation | Model-based teaching scenario

35-45 minutes to prepare / 75 minutes to discuss
Original public-source teaching case • First member edition • 1 November 2026

PRINCIPLED BUSINESS IN PRACTICE

Introduction

About Principled Business

Principled Business (PB) is a nonprofit organization that brings together business leaders to advance capitalism through education, relationships and action. It helps founders, executives and investors understand free enterprise, apply its principles in their organizations, and explain the contribution business makes to people's lives.

The PB manifesto grounds capitalism in individual agency, private ownership and voluntary production and trade. These commitments take practical form in everyday business decisions.

Respect for individual agency

PB grounds capitalism in people's capacity to choose, act and take responsibility. Voluntary relationships require meaningful information, consent and room to disagree.

Morning Star's published model links self-management to personal missions, explicit commitments and agreements with colleagues. This case uses a hypothetical equipment decision to examine that relationship. Respecting initiative requires a way to hear affected colleagues, settle disagreements and hold people to the results they promise.

PB presents this case to make the principle usable in a real business decision. Your recommendation should connect the principle to a workable policy, account for the people affected, and identify evidence that could change your mind.

What you will learn

01 Distinguish autonomy from unilateral control over other people's work.

02 Compare purchase and lease economics over more than one time horizon.

03 Draft an agreement with decision rights, measures and a dispute process.

> **Apply it to your own business**
> Choose a decision that employees can initiate but cannot complete alone. What commitments, information and appeal route would make that authority workable?

Source: About Principled Business; Capitalists for Capitalism Manifesto, Section 2: Respect for Individual Agency.

NOTES FOR STUDENTS AND TEACHERS

Using this case study

This packet includes the case, exhibits, worksheet, sources, answers and teaching notes. Allow 35-45 minutes to prepare and 75 minutes for discussion. Have a calculator or spreadsheet available.

Pages	What to use and when
4-8	Decision, evidence, exercise and alternatives. Read before discussion.
9	Decision worksheet. Complete before reading the answers.
10	Sources and reading notes. Check the evidence and its limits.
11-12	Worked answers, outcome and teaching plan. Read after deciding.

For students

Read once to identify the decision, then work through the exhibits. Separate historical facts from the invented classroom exercise. Use the case's decision boundary; write down assumptions when evidence is missing. Complete the calculation and worksheet on page 9. Be ready to defend your recommendation and the strongest objection to it.

For individual study, decide before turning to pages 11-12. Compare your reasoning with the worked analysis and write a short reflection on what you would change. Choose one action to try in your own organization.

For teachers and discussion leaders

Read the full packet and timed plan before teaching. Assign pages 1-10 first and reveal the final two pages after students commit to a choice. Record the alternatives, evidence and disagreements on the board.

Keep the distinction between Morning Star's published model and PB's invented dispute explicit. Ask who bears maintenance, cash and production consequences when someone proposes an investment.

> **How to assess the work**
> Look for a clear choice, accurate analysis, stated assumptions, attention to affected people, a fair objection, and an implementation plan with an owner and review point. Assess reasoning rather than agreement with the historical decision.

HYPOTHETICAL SCENARIO • PUBLISHED OPERATING MODEL

The decision

A colleague responsible for packaging throughput in a fictional tomato-processing operation proposes a new machine before the next production season. The machine could relieve a bottleneck. Its purchase would also commit cash, require maintenance support and change the work of colleagues downstream. These circumstances are invented for the case.

The proposer believes the investment serves the operation’s mission. A maintenance colleague questions the claimed savings and the availability of trained support. A colleague responsible for cash planning prefers a lease while demand is uncertain. Each can make a plausible argument about the same business objective.

A decision without a conventional boss

Morning Star describes a system in which colleagues articulate personal commercial missions and negotiate commitments with relevant colleagues. Its model emphasizes consultation with affected people and those with expertise. The scenario asks how such commitments could govern the proposed investment. [M1-M2]

You are the participating colleagues. Decide whether to buy, lease or postpone. Write the agreement needed to make the decision legitimate and executable. Do not assume that the most confident speaker gains authority, or that consultation gives every participant an unlimited veto.

> **What is real; what is invented**
> Morning Star and its published operating model are real. This equipment decision, the roles in it and every financial figure are PB’s classroom construction. There is no historical outcome for this dispute.

THE BUSINESS LOGIC

The work behind autonomy

Authority follows commitments

A person can accept responsibility for a result only if the required resources and dependencies are understood. A throughput promise that quietly transfers extra work to maintenance is incomplete. So is a cost-saving claim that ignores cash constraints or production interruptions.

Consultation has a purpose

Affected colleagues may know facts the proposer lacks. Maintenance can test service requirements; production can test whether the machine removes the real bottleneck; cash planning can test affordability. Their contribution improves the decision even when their preferences differ. A consultation record should show the evidence received and the response to material objections.

An agreement needs a revision rule

A useful commitment describes the result, resources, measures, review date and consequences of a shortfall. It also says what happens when assumptions change. A colleague who raises a problem early should have a route to renegotiate responsibly, rather than an incentive to conceal deterioration until a promise is missed.

Self-management does not eliminate power. Technical knowledge, control of information and personal influence can affect whose view prevails. Written reasons, accessible measures and a credible dispute process help make authority visible and contestable.

> **The agency test**
> Can each affected colleague understand the commitment being requested, make an informed objection, and know how the disagreement will be resolved?

EXHIBIT 1 • PUBLISHED MODEL AND PB APPLICATION

From mission to commitment

Published element [M1-M2]	Application to the fictional decision
Personal commercial mission	Specify the useful result the equipment is meant to produce.
Colleague agreements	Document who supplies cash, maintenance time and operating support.
Measures and milestones	Track accepted throughput, downtime, cost and actual savings.
Consult affected colleagues and expertise	Test the proposal before making an irreversible commitment.
Direct resolution of differences	Record the disagreement and use an agreed escalation route if needed.

An incomplete agreement

“Install the machine and increase output” leaves too much unspecified. It does not identify whose output, the acceptable quality level, the maintenance workload or the demand needed to use the capacity. Rewrite that sentence as a commitment that another colleague could verify.

The unresolved issue

The colleagues may agree on the calculation and still disagree about risk. A purchase uses cash immediately; a lease preserves flexibility but can cost more over a long horizon. The right to initiate the proposal does not settle who may bind the operation to either obligation.

> **Evidence to request**
> Ask for the bottleneck measurement, supplier reliability evidence, maintenance estimate, cash authorization and demand range. The exercise supplies only part of that information.

EXHIBIT 2 • INVENTED CLASSROOM EXERCISE

Buy, lease or wait?

All figures are hypothetical U.S. dollars. A machine produces gross monthly operating benefits of $18,000 and adds maintenance cost of $6,000. Buying costs $240,000 immediately. Leasing requires $9,000 per month, with no upfront payment; maintenance remains $6,000. Benefits and payments begin immediately.

Assumption	Base case	Demand downside
Gross monthly benefit	$18,000	$13,500
Monthly maintenance	$6,000	$6,000
Lease payment	$9,000	$9,000
Purchase price	$240,000	$240,000

Use simple undiscounted cash flows. Ignore tax, financing, residual value, inflation and installation disruption. The lease can be ended at a monthly boundary without penalty. The purchased machine has no recoverable value in this exercise. Waiting produces no incremental cash flow.

01 Calculate monthly net benefit for buying and leasing in both demand cases.

02 Compare cumulative cash flow after 24 months and 36 months in the base case. Find the purchase payback period.

03 At what holding period does buying overtake leasing? What additional information would justify committing the cash?

> **Do not confuse measures**
> A faster operating payback and a better short-horizon cash position are different comparisons. Label both the time horizon and the alternative.

ALTERNATIVES • IMPLEMENTATION • ASSIGNMENT

Make the agreement usable

Choice	Reason to choose it	Commitment required
Buy	Capture larger long-run net benefits.	Authorize cash, verify demand and name the owner of maintenance capacity.
Lease	Preserve an exit while learning about demand.	Set review dates and a rule for ending or converting the lease.
Wait	Avoid investment until the bottleneck or demand is verified.	Specify the missing evidence and a deadline for obtaining it.

Your assignment

01 Choose one option and state the demand and time-horizon assumptions behind it.

02 Write five terms for a colleague agreement: result, resources, measures, review and dispute resolution.

03 Identify which objections must be resolved before action and which can be monitored afterward.

04 Explain who may make the final decision if colleagues remain divided, and why that authority is legitimate.

Your agreement should distinguish consultation from approval. Name the commitments that require another colleague’s consent and the matters the proposer can decide independently. Include a route for raising an adverse result without retaliation or concealment.

> **A useful challenge**
> If every colleague can block every decision, what happens to initiative? If no colleague can block anything, what protects shared resources and other people’s commitments?

WORKSHEET • COMPLETE BEFORE READING THE TEACHING NOTES

Your decision

Write as the decision-maker. Use the historical evidence and the classroom model for their stated purposes. A recommendation needs a boundary, an owner and a test.

My recommendation and the principle it puts into practice

The calculation or evidence that matters most; its main limitation

Who bears the risk, and how their choice or voice is protected

The strongest objection and my response

First action, accountable owner, review date and stop/change trigger

EVIDENCE • METHOD • LIMITS

Sources and reading notes

A PB teaching scenario informed by Morning Star's published self-management system. The people, equipment dispute, alternatives and numbers are hypothetical. They are not reported incidents or actual company performance.

M1 Morning Star, Interactive Self-Management Model

Company explanation of missions, colleague agreements, measures and coordination.

Open source document →

M2 Morning Star, Careers

Company description of respect, voluntary agreement, consultation and direct resolution of differences.

Open source document →

M3 Principled Business, Capitalists for Capitalism Manifesto

Agency and voluntary cooperation provide the interpretive framework.

Open source document →

How to read the evidence

The company's account describes its intended operating system. It does not supply independent evidence that every disagreement is resolved well. Evaluate the fictional proposal on its own assumptions and do not attribute the exercise's costs or conduct to Morning Star.

All quantities in the classroom exercise are invented unless explicitly identified as historical. The models omit factors deliberately for discussion; they are not company forecasts. Photographs are documentary context, with dates and licenses on the cover.

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TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Worked analysis

The cash-flow comparison

Measure	Buy	Lease
Base monthly net benefit	$12,000	$3,000
Downside monthly net benefit	$7,500	−$1,500
Base cash flow after 24 months	$48,000	$72,000
Base cash flow after 36 months	$192,000	$108,000

Purchase payback is $240,000 ÷ $12,000 = 20 months in the base case and 32 months in the downside. Buying overtakes leasing when $12,000t − $240,000 exceeds $3,000t: t exceeds 26.67 months. These comparisons assume continuous operation and unchanged benefits.

Why a lease can still win

At 24 months the lease preserves $24,000 more cash than buying. At 36 months the purchase is ahead by $84,000. Under weak demand, the lease loses money each month, but its cancellation option may limit further losses. A purchased machine’s upfront cost is already committed; that difference matters when demand is uncertain.

An accountable agreement

A defensible agreement names the operating result, verifies the bottleneck, obtains consent for cash and maintenance commitments, and sets a review using actual net benefits. It specifies who adjudicates unresolved disputes and why. The exercise does not establish that a lease, purchase or consensus rule is always preferable.

> **Common error**
> Do not call a proposal voluntary if it commits someone else’s labor or budget without a legitimate agreement. Do not use the attractive base-case payback as evidence that demand has been verified.

TEACHING NOTES • READ AFTER COMPLETING THE DECISION

Outcome and teaching plan

There is no reported outcome

This is a teaching scenario, not a record of a Morning Star investment. Compare recommendations against the published model and the exercise's assumptions. The debrief should test whether the proposed agreement respects initiative while making shared obligations explicit.

A 75-minute discussion

Minutes	Facilitation plan
0-10	Choose buy, lease or wait; record the assumptions.
10-25	Map affected colleagues, expertise and commitments.
25-40	Calculate both time horizons and the demand downside.
40-55	Negotiate the terms of a colleague agreement in small groups.
55-65	Test a persistent disagreement and a missed performance target.
65-75	Apply the agreement structure to a decision in participants' own work.

> **Closing question**
> What makes an autonomous decision accountable to the people whose resources and work it depends on?

Assess the decision at its stated boundary. Later success cannot prove the original choice was sound; later failure cannot, by itself, prove it was unreasonable.