[Investment Formula]

The Operator's Dictionary · https://kb.jeffreysummers.com/docs/investment-formula/

Definition

The computational shape of [The Summers Principle]. Every decision the operator makes is an investment decision — inputs committed against a required outcome. The Investment Formula is the ratio that reveals what that investment actually is: maximum outcome required, divided by minimum inputs required to produce it.

$$I = O_{\text{max}} / i_{\text{min}}$$

$$\text{subject to} \quad O_{\text{max}} = \text{fixed}, \quad i_{\text{min}} = \arg\min \{ i : \text{output}(i) \geq O_{\text{max}} \}$$

The ratio is the investment. The formula runs across every domain of the operation, and its answer is what by-design honors and by-default works around.

Corollary computation of [The Summers Principle]. The Principle is the physics — every outcome comes from a decision, every decision comes from a perspective, perspective is either designed or defaulted. The Investment Formula is how that physics computes at the point of any decision.

Mechanism

Every decision the operator makes carries an outcome the domain requires and inputs the operator must commit to produce that outcome. Not every decision has dollar signs attached. A hire is an investment decision. A menu change is an investment decision. A Guest touchpoint added or stripped is an investment decision. A read the operator runs — or refuses to run — is an investment decision. A vendor selected, an offer scoped, a piece of capital deployed, a training built, a shift structure locked, a real-estate footprint chosen — each is inputs committed against a required outcome.

The ratio. Maximum outcome required, divided by minimum inputs required to produce that outcome. The numerator is fixed by the domain — whatever the Guest relational outcome, cast development outcome, product quality outcome, capital return, operating clarity, or brand

amplification the domain needs, that number is held at the maximum the domain requires. The denominator is the variable — what the operator deploys is what flexes. The operator's job is to find the minimum shape of inputs that will actually produce the required outcome.

What the ratio reveals. The formula is not a scoring test the operator runs against a decision he has already made. It is the read that produces the decision itself. Before the formula, the operator has a shape in mind and is asking whether it can be afforded. After the formula, the operator has an investment named and is asking whether it can be honored. The shape does not come first. The formula does.

Cross-Fundamental operation. The formula runs in every domain. Guest. Cast. Kitchen. Numbers. Read. Offer. Equipment. Location. Capital. Marketing. Vendors. Systems. Real estate. Financing. Training. Communication. Brand. Every domain is a place inputs get committed against a required outcome. The variables plugged into each side are domain-specific — the outcome the Guest domain requires is different from the outcome the capital domain requires, and the inputs required to produce each are different — but the formula's shape is identical across domains. Max outcome required, over min inputs required, in every domain.

All-or-none. The operator who runs the formula runs it everywhere or he runs it nowhere. There is no partial-adoption version of the formula. Running it on some decisions and defaulting on others is not by-design applied selectively. It is by-default with intermittent formality. The formula is a discipline, not a tool. A tool gets picked up when needed. A discipline runs continuously or it does not run.

The answer as a fork. Once the formula produces its answer — the investment the decision requires — the operator's next move is one of two. Honor the investment the formula revealed (deploy the minimum inputs, deliver the maximum outcome, hold the ratio). Or work around it (strip inputs below what the formula required, or shrink the outcome below what the domain required, or both). The by-design operator honors the answer. The by-default operator arbitrages it. Both operators saw the same answer. The difference is what they did with it.

The workaround as arbitrage spread. When the operator works around the formula's answer, the spread between what the formula revealed as required and what the operator delivered is the arbitrage. Formally:

$$A = (O_{\text{max}} - O_{\text{delivered}}) + (i_{\text{min}} - i_{\text{deployed}})$$

Where $A > 0$ is the spread the by-default operator extracts. The operator rarely calls this arbitrage. He calls it being realistic, or cutting corners, or the numbers not working, or holding the line on cost. The name he uses does not change the mechanic. He ran the formula. He saw the answer. He worked around it.

Load-Bearing Distinction

Not [The Summers Principle] itself. The Principle is the physics — every outcome from a decision, every decision from a perspective, perspective either designed or defaulted. The Investment Formula is the computation that operates the physics at the point of any decision. The Principle names the choice. The formula reveals what the choice is actually asking for. Two related propositions, distinct roles.

Not [By Design Or By Default] as a choice-frame. By Design Or By Default IS the Principle stated at the choice-moment. The Investment Formula is what the choice-moment is choosing between. The formula produces the answer; by-design honors it, by-default works around it. The formula sits under the choice, not alongside it.

Not a scoring or evaluation tool. The formula does not grade a decision the operator has already made. It produces the decision by revealing what the investment actually is. Operators who treat the formula as an audit tool applied after the fact are running it as by-default with retroactive formality — the decision was already made, the formula is being used to justify or critique it, not to reveal it.

Not domain-specific. The formula is not the Guest formula, not the cast formula, not the capital formula. It is the shape that runs in every domain. Domain-specific manifestations exist — the Guest domain has its own maximum outcome and its own minimum inputs, the capital domain has different ones — but the formula's shape is identical. Any reading of the formula as bounded to one domain is a scope error.

Not [Investment Mindset]. [Investment Mindset] is the operator posture that every dollar deployed requires a defined return. The Investment Formula is what defines the return. Without the formula, "investment" stays vague — the operator has a posture but no specification. With the formula, the investment is specified: this outcome, these inputs, this ratio. The mindset produces the disposition to ask; the formula produces the answer.

Not arithmetic. The ratio is not a calculation the operator performs with numbers on a spreadsheet. It is a read the operator runs against the decision. The maximum outcome required

is not always a number — it is often a qualitative outcome (a Guest's relational contract honored, a cast member's development compounded, a Product's shape held true to itself). The minimum inputs required are similarly not always dollar-denominated. The formula is a shape of thought, not a shape of math. The math notation makes the shape visible; the shape is what runs the operation.

Load-bearing because it names what the operator is actually deciding when he decides anything. Without the formula, decisions read as preferences, judgments, or affordability questions. With the formula, decisions read as investment specifications the operator either honors or works around. That is the frame the whole operation runs off — because every arbitrage in the catalogue is a workaround at the formula's answer, and every by-design move is an honoring of it.

Diagnostic Tests

Test One — The Shape-First Test. Ask the operator to describe a decision he is currently facing. Listen for whether he leads with the shape ("we're thinking of adding X" / "we're considering hiring Y" / "we might launch Z") or with the outcome the decision needs to produce ("this decision needs to produce outcome A at maximum, and the question is what inputs get us there at the minimum"). Shape-first is by-default — the operator has already committed to a form and is now scoping affordability. Outcome-first is by-design — the operator is running the formula. The tell is which side of the ratio the operator names first.

Test Two — The Max Outcome Test. For any decision the operator is making, ask him to name the maximum outcome the domain actually requires. Not the outcome he thinks he can afford. Not the outcome he is aiming for. The outcome the domain requires at its ceiling. If the operator cannot name it, the formula is not being run — the numerator is missing, and any input decision is defaulted by mathematical impossibility. If the operator names it but at a level below what the domain actually requires, the workaround has already happened at the numerator — outcome shrunk before inputs were even considered.

Test Three — The Min Inputs Test. For any decision the operator is making, ask him to name the minimum inputs actually required to produce the maximum outcome named. Not the inputs he wants to deploy. Not the inputs he has budgeted. The inputs the outcome actually requires at the floor