

# Class 7

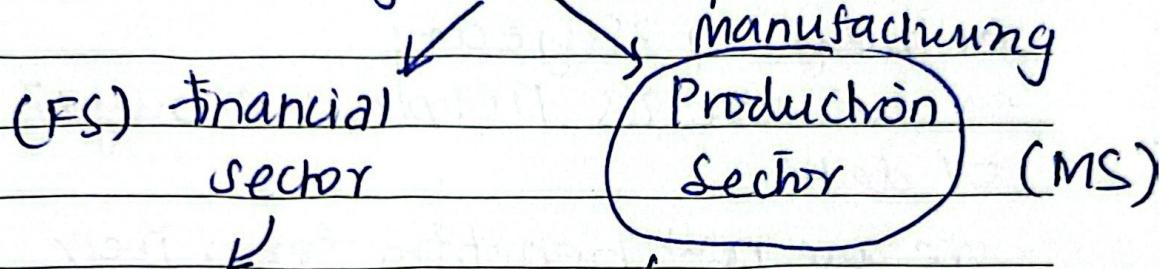
Date 22 Sep 25

MACRO	MICRO
- distribution of wealth ↓ by the laws of a country	- generation of wealth ↓ value generation
	- consistent value
	- reduce cost
	- inc efficiency
	- inc productivity
	- new growth

- i generate value using my skills
- value provides a service that society needs or benefits from
- what value does industry generate?
  - oilers → smth to drink
- ex raw material using cows gives milk
- you give money → that enables them to run the plant
- quality is constant
- you pay for consistent value
- ex if all teachers are bad then stop studying etc. This is consistency

- distribution happens due to laws of a legal or illegal business
- ex selling drugs - some may buy.
- not every service should be a value in society
- Society tells us what values are.
- laws matter

Which is stronger economy?



can be artificially inflated, manipulated

Why?  
cannot be inflated

ex China

productions, USA has  
China factories

What is the value served by FS?

- Shares in stock market can't be edible
- only selected market
- eat debt & care? NO.
- just gives access to money.
- just allows us to buy & sell things.

- you have a bubble & it will burst.
- the bubble burst doesn't ruin economy but burst in manufa. will ruin economy.

- when you buy financial instruments, you buy what others think of it

ex he owes 100,000

he pay in 25 years

ex we are 25 people, we buy 1/25 of debt

- we are now benefiting from their potential ability to pay.

- those who bought their debt won't get their money back if sector crashes.

why do we have a physical deficit in the company?

government has income

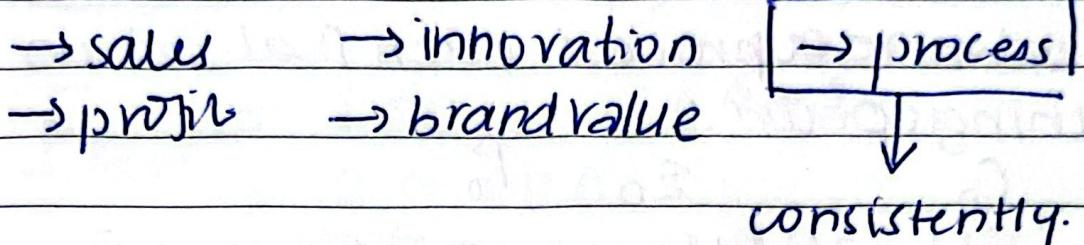
spending on army etc.

we are earning less, spending more

MICRO generates wealth, gives taxes

MACRO distributes taxes

How do companies consistently generate value?



- people yeh, phir yeh, phir yeh etc.
- it generates value.
- every year there are enrollments and graduations
- if the process is better → life is easier
- how do we ensure we do the same thing at the right time & place?
- everyone has diff capabilities
- ex NADRA mein address ki jagah first name likhiya.
- so wrong.
- we need the skillset to take a picture or fill a form.
- processes are input, steps, output
- thus they generate value.

$$\frac{150}{4} = 37.5$$

37500

because 100

## Merit Function $\Phi$

- optimize a process such that certain things occur

-  $C_0 \Sigma_0 P_0$   
cost efficiency profit productivity

- I want a process that makes my new

$$\text{Cost}_1 = 0.9 C_0$$

$$E_1 = E_0 \pm 0.01 \Sigma_0$$

$$P_0 = P_0$$

$$P = \sum_i S_i$$

process

$\Sigma(P) = \Sigma_0$  efficiency

$C(P) = C_0$  kharkha

$P(P) = P_0$  prod.

I want a new process where

$P = \sum_i s_i^{\text{step}}$  cost reduces  
 no. of steps efficiency stays approx same  
 can change prod stays same.

this is a merit function

$$\Phi = E_0 + C_0 + P_0$$

current is 1 1 1

$$\begin{aligned}\Phi_{\text{new}} &= 1 \pm 0.01 + 0.9 + 1 \\ &= 2.9 \pm 0.01 \\ &= E_0 \pm 0.01 + 0.9C_0 + P_0\end{aligned}$$

there is a cost, efficiency, productivity  
I had normalized all out 1

Total 3

NOW I redid this so that my menu  
function uses what I said  
so overall the new process is a  
better one.

Beauty, Education, Money

→ inconsistent dimensions

→ some combination is acceptable, some  
not.

→ so here company wants cost reduction,  
efficiency karm nahi masla nahi.

$$P_0 = \frac{1}{1 + P_{\text{inc}}} = \frac{1}{1 + \Delta P}$$

Improved  $P_0$  will make no. smaller  
we want function to be smaller

Date

$$P_N = \frac{P_0}{P_0 + \Delta P} \quad \text{make efficiency bhi yeri.}$$

## PURCHASING

- quantity
- amount
- tax
- time of order

OLD

