

# A GOING CONCERN

Optional Rules for Owning and Operating a  
Business in 5<sup>th</sup> Edition Dungeons & Dragons



## CREDITS

**Design: P. Daniel Johnson**

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Thanks to Christopher Dyer, whose excellent book *MAKING A LIVING IN THE MIDDLE AGES* was an invaluable reference and inspiration for this supplement.

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## FOREWORD

I first published this rule supplement back in the late summer of 2017. It was well-received, and over the last year and a half, hundreds of gamers have downloaded it. As time has passed, I've flipped through this myself more than a few times and lately I'd begun to think that, although I'm very happy with the content of the product, I was less pleased with the appearance of it.

So, the goal of this revised document is to improve the formatting and organisation of the contents without changing many of the rule mechanics. Because the changes are largely cosmetic, I haven't altered the product numbering, nor have I renamed this "A Going Concern Revised Edition" or some such.

One notable change I did make was to the mechanics of calculating and applying goodwill. First, I reduced the goodwill component of purchasing an existing business from 20% to 10%. I also make goodwill a percentage-based metric recalculated monthly.

Hopefully this redesign will make it easier for readers to enjoy and reference these rules in their games.

P. Daniel Johnson, Spring 2019

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# INTRODUCTION

*The workshop smelled of sawdust and machine oil. Kiln traced the parallel paths left by the legs of the table he now hunched over through the wood shavings that littered the floor from where he had dragged it across the room. It wasn't a large workshop. During the day this space was filled with craftsmen and labourers, but at night it made for a decent meeting space, even if the furniture needed to be rearranged for it. The table top was the only visible surface not piled with tools and half-finished bits of carpentry.*

*Across the table, the half-elf was studying a parchment roll she held open with spread fingers. He couldn't read anything on it from where he sat. There was some sort of diagram surrounded by incomprehensible scratches. Some kind of proprietary shorthand, so no one else could read her work he guessed.*

*"Couldn't you have just brought the originals?" He asked.*

*The half-elf didn't look up. After a moment she distractedly muttered, "yes. And then they would know they had been stolen. We would have lost all chance of surprise."*

*Kiln shrugged and resumed his inspection of the room. The only other occupant was a human lad, seated to Kiln's right, arms crossed and looking both bored and mildly uncomfortable. There wasn't truly enough space for the boy between the table in front of him and the workbench behind. There wasn't enough space for him anywhere, it seemed, unless he was outside. Kiln watched as the human worked his thick fingers under his gorget to rub the raw flesh beneath. The lad*

*had outgrown another set of armour and they couldn't afford to keep replacing it.*

*He returned his eyes to the half-elf, Veneranda was her name, who was now tapping one finger on the diagram as though she'd just noticed something new. Kiln knew better than to interrupt with a question, so he waited. She had been away longer than he'd hoped this time. Most of the night was now gone, the faintest ruddiness in the eastern sky showing through the missing slats in the shutters promising that morning wasn't far off. But she'd been successful, that was certain, though she hadn't said as much. When the half-elf had slipped in through the back door, silent as a bat in flight and without a word spoken, he'd recognized the hint of a smile, more in the lines around her eyes than the shape of her mouth.*

*Any indication of a smile was gone when she finally looked up from the page. "It's two. Each is at least as big as what they have now, maybe bigger."*

*Kiln's heart sunk. Dwarves weren't known for optimism, but this was worse than even he had thought. "How..." he began to ask.*

*Veneranda anticipated his question. "The construction sites were disguised to look residential. They've been at this for a while now. We don't have much time."*

*The lad wore a confused expression. He clearly didn't share his companions' concern. "I don't see why we need to sneak around and spy on them," he said, "they have as much right to do business as we do."*

*The half-elf darted a sharp glare at the big human, but Kiln raised a hand to stop any*

*rebuke. "Listen Rig, there's hardly enough logging in this area to support two workshops as it is, and now it seems our competition is building two more workshops on top of the one they already run."*

*The lad stared back at the dwarf and blinked. Nothing in his expression showed he grasped the implication of what Kiln was saying.*

*The dwarf thought for a second and then asked, "how many workers do we keep employed here, Rig?"*

*The boy's eyes drifted towards the ceiling. After a moment he replied, "a lot".*

*"Right. And what would happen to them if our competitors drove us out of business?"*

*The tactic worked. Rig's eyes widened and his mouth dropped open. "But the money they earn here feeds their families, pays their rent," the human said softly, "they'd all be out of work!"*

*More likely they would just go work for our competitors, Kiln thought, but the lad doesn't need to be bothered with details. There was a time he was reluctant to work with someone with so many morals, but now he saw how easily they could be manipulated and wished he'd realized it decades ago.*

*The half-elf was already gliding out the back door. "We'll take the long way and come up from the river bank in case there's a watch. Come on now, they might have guards," she said as she disappeared into the darkness.*

*"It won't matter if they do," Rig said slowly as he stood up from the table, his chair screeching against the floor as he shoved it back. He reached down to where his maul leaned against a workbench, hefting the*

*massive cudgel effortlessly. "You know something, Kiln? It was a lot easier when we used to make money fighting monsters and such."*

*The dwarf clapped Rig on a well-muscled arm as he followed him out into the night air. "You have the right of it, lad, but there are only so many lost temples to plunder, so many evil wizards to thwart. And a man has to make a living."*

*At the far end of the alley, Veneranda's shadow detached itself from a wall and led them across a deserted street. The city slumbered; the constables dozed at their posts. The wet murmur of the river in the distance grew louder. Not loud enough to drown the noise of a pair of construction sites being smashed into kindling, but they'd be quick about it. A man needed to make a living after all, and tonight was as good a night as any for it.*



What is a business? Technically, any endeavour intended to generate a profit could be called a business. From that perspective, a lone musician busking on a street corner and the pickpocket working his way through the passing crowd are both "businesses". Even a party of adventurers making their way into a dungeon in search of treasure is a business, of a sort. But the rules contained herein are not intended to reduce the fun of adventuring down to a few abstractions, nor are they intended to reflect temporary efforts on the part of one individual.

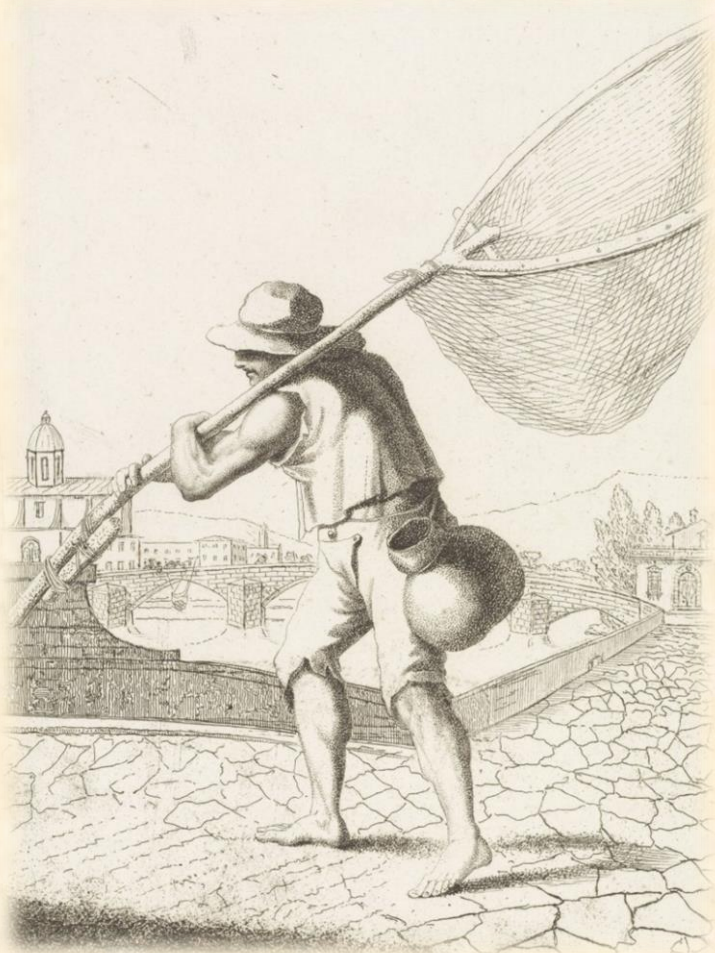
There is a term useful in describing a business: **A going concern.** A going concern describes the underlying assumption that a business is financially viable – that it will continue to exist

and operate from month to month for an extended, usually indefinite period of time. This distinction is important because while a player character may engage in a range of activities designed to generate income, a business is an independent entity that can (and does) operate apart from the player characters who own it.

For the purpose of the rules contained here then, we will define a business as a going concern owned by, but with an existence separate from, one or more of the player characters. Importantly, this implies that the business has relatively competent and trustworthy employees ready and capable of running things while the player characters are off adventuring.

The DUNGEON MASTER'S GUIDE contains rules for running a business during adventuring downtime. For most players and dungeon masters, those rules are perfectly serviceable. They do have some limitations, however. One of the most noticeable of these is that the degree of profit a business generates is calculated without respect to the size of the business. Another is that the player character has only the most abstract ability to influence the business's operations, which some players may find unsatisfying.

The optional rules laid out here expand on the notion of player-owned businesses. Within you'll find information on different types of businesses and how to invest in them, as well as the varying degrees of risk they invite. A system for determining market conditions, random events and the impact of management initiatives gives player characters a more hands-on approach to running a business. Other topics include adventure hooks resulting from player-owned businesses and the impact of magic on the economy of your *Dungeons & Dragons* game.



## OVERVIEW

The intent of these rules is to present players with options for owning and operating a business, balanced between the goal of simulating the problems faced by real business owners with the need to not bog down the game with dreary complexities.

In order to accomplish this goal, business operations and the results of those operations are distilled to a few rule elements. Each is detailed fully further on, but a brief overview is presented here to familiarize the reader with the principal concepts before launching into a comprehensive discussion.

To begin, the nearly endless variety of different businesses is distilled down to two concepts – **type** and **culture**. This doesn't limit player creativity: They can absolutely still invent any specific sort of business they would like, be it a prosaic choice like a turnip farm or blacksmithy, something a bit more atypical like a theatre troupe or mercenary company, or something truly unusual like a gorgon ranch or interdimensional travel agency. But for the purpose of owning a business in *Dungeons & Dragons*, this complexity is reduced to a selection of four business types and six cultures.

Having identified a business by its type and culture, we then look at representing the fact that some businesses have a higher chance of extraordinary profits, while inviting the possibility of extraordinary losses. This is defined by the **risk factor**, which is simply a number from 1 to 4 based on the inherent riskiness of the business's type.

The next concept is **investment**. In the real world, accounting for a business is a lot of work. There are assets and liabilities, revenues and expenses and that's just the beginning. All of that detail is reduced in these rules to one simple concept – investment.

A business's investment is a single monetary value, typically expressed in gold pieces, that represents the basis for determining profits and losses (discussed more below) and also acts as a measure of the size of a business. This last point is somewhat subjective: A 750-gold piece farm may well be larger than a 500-gold piece farm, but the higher value could be due to something else, like a bigger barn or better access to fresh water. All of this variability in the size, assets and relative value of a business is captured by its investment value.



The final set of concepts all have to do with determining the results of running a business. In other words, did the business generate a profit or suffer a loss? At its most basic level, this is determined by a simple formula: the value of the investment multiplied by a percentage representing the return on investment. Most of the rules herein are involved with determining what that **return on investment** (or **ROI**) percentage is.

Now that the fundamentals of these rules have been introduced, the remainder of this supplement delves more fully into each concept.

Briefly, the influences on ROI are these:

- The **market environment**, broken down into the individual elements of **economic**, **political**, **strife** and **competition**, which determine how favourable conditions are to doing business;
- **Management actions**, which range from marketing initiatives to industrial espionage and sabotage, give player character business owners an opportunity to directly lend a hand in their business's success;
- **Random events**, sometimes fortuitous and sometimes not, add an unexpected element to the business cycle.

Beyond these principal drivers of return on investment, profits can be further impacted by **interest costs** if the business is carrying any debt as well as a handful of other factors. These returns are calculated on a monthly basis.





# STARTING A BUSINESS

Whether a player character starts a business by building one up from scratch or by purchasing an existing concern, the most important thing to remember is that owning a business is a financial investment, and the reason to own one – in almost all cases – is to generate a return on that investment. The concepts of investment and return on investment are expanded upon in greater detail further on (see Return on Investment, page 33), but first it's worth examining the different types of business a player character can invest in.

## TYPES OF BUSINESSES

Most fantasy campaigns are modelled to a greater or lesser extent on a medieval time period. That assumption is carried through these rules. This assumption simplifies things, because a medieval economy is significantly simpler than a modern one. Having said that, even a medieval economy is still complex, with a dizzying array of raw material inputs, goods manufactured, and services provided.

In order to meaningfully categorize the huge number of different types of businesses, they are organized into four groups: resource, manufacturing, resale, and service.

### RESOURCE

Any business that concerns itself with acquiring the basic raw material inputs to the economy is a resource business. Mining operations produce stone, metal, gemstones, and salt. Agricultural endeavours produce meat and vegetable crops as well as hides, wool, tallow, bone, flax, cotton, and silk. Fisheries gather resources from lakes

and the sea, while forestry operations produce wood. This is by no means an exhaustive list, but it does begin to illustrate the diverse range of materials a medieval economy makes use of.

The assets of resource-type businesses are varied, but typically are focused on ownership of (or at least the rights to make use of) relatively large amounts of land. They also usually need heavy tools and equipment like ploughs, mining carts, and saws.

### MANUFACTURING

A massive variety of goods are manufactured from the raw materials generated by resource-type businesses. Most of these goods are also further manufactured into other goods, many of which are further manufactured into yet other goods, and so on. Although it would be impossible to fully list all the sorts of manufacturing businesses that can exist in a medieval economy, it can be helpful to work backwards from a particular type of finished good, envisioning all of the manufacturing steps required to produce that item.

Using a common item of clothing, a wool shirt, as an example, the manufacturing steps are these: First, the raw wool supplied by the rancher (a resource business) needs to be sorted by length and quality of fibre. Then the wool is washed, usually with solutions of lye or urine, and worked or beaten to further clean and untangle the wool. Next the wool may be dyed before being greased with fat or oil to prepare it for combing and carding, where the fibres are more fully separated and straightened. After combing, the wool is spun into yarn using a drop spindle or spinning wheel. Once the wool yarn is complete,



weavers take over and use a loom to weave the yarn into wool cloth. The wool cloth is not yet ready to be used for clothing, though; first it needs to be further washed through a process known as “fulling” where the wool cloth is strengthened and thickened either by manually stepping on it or by beating it with wooden hammers while soaking the cloth, again using lye or urine. Water-powered fulling mills may also be employed to partly automate this process. Once the cloth dries, it must be sheared and napped to remove any roughness from stray bits of fibre. Lastly, the cloth may be pressed and further dyed before it is complete. The finished wool cloth is then cut and sewn by a tailor into a finished wool shirt, possibly with the addition of wood, metal, or bone buttons. Many other processes would intersect with those described above, as the various tools and other products used to make the wool all have manufacturing processes of their own.

The above is a rather detailed view of the manufacturing process of wool clothing, but it serves to illustrate how many different businesses can be involved in manufacturing even a common item like a shirt. Between the sheep rancher who produces raw wool and the tailor who sells an article of clothing are as many as a half dozen other businesses critical to the process. If you’re inclined to start a manufacturing business, it’s worthwhile to research how things were made in the middle ages to gain a deeper insight into what sort of opportunities there are.

Manufacturing businesses typically comprise one or more buildings that serve as workshops or mills. These contain all of the tools needed by the business, which can be anything from tiny sewing needles to massive smelting furnaces.

## RESALE

The line between manufacturing and resale is defined by whether or not the business made the goods it is selling. Many manufacturing businesses, from blacksmiths to tailors, sell the products they make. A resale business is different: Resale businesses purchase goods from another business and then sell them again at a higher price, making their profits on the difference between what they paid and what they were able to sell for. Most resale operations are known as merchants or traders.

It's tempting to think of resale as the final step in the supply chain: Materials flow from those who gather resources to those who manufacture goods and finally to those who sell the finished products. This is not always true, however. Many merchants provide an important logistical role, moving goods through the supply chain. Using the prior example of wool cloth, a merchant likely collects bundles of raw wool from sheep ranchers and farmers, then resells it to the workshops who produce wool cloth. Merchants step in again to buy the cloth bolts in bulk, often transporting them great distances over land and sea to be sold again in distant markets.

Other merchants and traders are less involved in the transport of goods and focus instead on operating shops or market stalls. These resellers earn their profits by offering the convenience of goods for sale at a single point. It's much easier to purchase fruits from a fruit stall at the market, for example, than to hike about from orchard to orchard searching for the fruits you like.

What assets are owned by a resale business is dependent on whether the focus of the business is distribution over large distances or operation of a store that serves a local clientele. In the former case, assets typically comprise

one or more warehouses along with vehicles: A single mule-drawn cart, a fleet of ships or something in between. In the latter case, the retail outlet can range from a market stall to a large trading post.

## SERVICE

Service businesses tend to be less focused on assets and material goods than other business types are. Instead, they specialize in offering labour of various skill levels.

The value of labour follows the same laws of supply and demand as the rest of the economy, meaning that when workers are in short supply even unskilled labour can be valuable, and skilled labour even more so. Successful service-oriented businesses capitalize on this by providing specialized services where they are most in demand.

Examples of service business are inns and hostels, messengers, cartage, security, stables, animal training, brothels, colleges and universities, guilds, theatres, and mercenaries, just to name a handful of possibilities.

Remember that the rules laid out here are intended to reflect ongoing businesses where an investment has been made and a return is expected. The income of individual service providers such as the lone mercenary, bounty hunter, or thespian is better gauged by the lifestyle expense rules given in the *PLAYER'S HANDBOOK*, or by the dungeon master's own determination if the task forms a part of an adventure.

The assets of service businesses tend to comprise those tools specific to the individual labourer's occupation. A craftsman requires the tools of her trade, where a mercenary requires armour and weaponry.

# INVESTMENT

Where a business's type indicates the nature of its operations, a business's **investment** is an indicator of its value. It is an amount of money that represents the sum of the worth of the business's assets, including land, buildings, vehicles, tools, equipment, and inventory. In short, the investment is a representative measure of everything that gives the business the ability to operate and generate revenue, and thus – with a little luck – produce a return on that investment.

One important point to remember is that investment encompasses a going concern's entire ability to generate a return. Flipping through the pages of the **PLAYER'S HANDBOOK**, one would be forgiven for noting that the price of a longship is 10,000 gold, and from that assuming the investment needed to start up a shipping company with a longship is also 10,000 gold. Remember though that the ship requires a crew to man it, food and supplies for the crew, cargo to sell, working capital for docking fees and bribes, and so on.

**Table 1: Investment Examples**

Investment	Resource	Manufacturing	Resale	Service
100 gp	Share of a small farm	Outdoor one-man smithy	Market stall with small inventory of local goods	Small rat-catching service
500 gp	Salt mine suitable for supplying a town or small city	Modest workshop	Several mule-drawn carts with drivers and cargo	Travelling theatre troupe
2,500 gp	Local forestry and lumber operation	Foundry or similar mid-sized workshop	Small to mid-sized shop with basic inventory	Well-equipped stable
10,000 gp	Large farm with abundant fresh water and pasture land	Simple mill, water- or wind-powered	Larger trading post with diverse inventory	Guildhall capable of serving a good-sized city
100,000 gp	Mid-sized gold mine	Complex water-powered mill such as a fulling mill	Pair of longships, with crews and trade goods	Large inn with kitchen and stables
500,000 gp	Rich gemstone mine	Large shipyard	Trio of large galleys, crewed and loaded with goods	Small mercenary army

Because of this, the gross investment value of a business is almost always significantly more than the direct cost of its major assets.

This is true whether the assets are ships, wagons, buildings of some sort, mines, quarries, or perhaps even a forest or some other source of raw materials. Whatever the obvious elements of the business are, be sure that there are always many other necessary parts included in the gross investment value.

While investment is an abstract concept, it does give some guidance as to the likely relative size and characteristics of a business. The businesses listed in table 1 are merely examples. Virtually any size investment can be suitable to any type of business. Certainly, some may take a bit more effort to explain. A farm worth 100,000 gold would need to be vast and amazingly fertile. A gold mine worth only 50 gold might be just a small panning operation in a promising creek.

One final point on the topic of investment is that a single investment can, in some circumstances, comprise several businesses at once. This option is best employed when one or more owners invest in several similar businesses located near one another. For example, if a player character owns a dozen farms surrounding a single town, it makes sense to treat that as one large investment rather than twelve small ones. If the businesses are significantly different from each other, for

instance if a player character owns a farm, a blacksmith, and a cooperage (a workshop that manufactures barrels) all in the same town, it would be best to treat that as three separate investments. Similarly, if a player character owns a dozen farms all a fair distance away from one another, it too would be preferable to treat those as separate investments.

## SHARED INVESTMENTS

A business need not be owned by a single person. An inherited business could have more than one heir; a new business could be started by several partners pooling their resources; an existing business could accept a new investor to help fund an expansion. In any event that a business has multiple owners, use the rules provided in this supplement to account for the entire business as a whole, single investment exactly as if there was a single owner. When monthly profit or loss is calculated, special rules apply to divide the results among the owners (see Profit and Loss Considerations for Shared Investments and Business Combinations, page 37).

## BUSINESS COMBINATIONS

Not all businesses fit neatly into one of the four business types listed above. Consider the typical inn with a dining room or bar attached. The inn would be considered a service, while a dining room would be manufacturing, and a bar would



probably be resale. Another common example is a resource business that also performs some basic manufacturing processes, such as a mine that also smelts ore into useable metals or a forestry operation that also mills tree trunks into lumber. In these cases, there are three options available.

The first option is to divide the business into smaller businesses of different types. This works best for larger investments where the individual pieces are worth at least several thousand gold on their own. A large inn could represent a 25,000-gold investment, but if that investment includes a dining room and bar, it might make sense to treat it as three businesses, perhaps a 12,000-gold inn, 8,000-gold dining room, and 5,000-gold bar. Using this option, each business would be accounted for separately even though they are physically attached.

The second option is to treat the business as a single entity and simply choose the business type that most closely reflects the business's operations. If the business is a mine with a smelting operation attached, it might be reasonable to declare that the mine is the larger and more significant part of the business, and hence the entire operation should be simply treated as a resource business without worrying about the relatively small manufacturing component.

The third and final option is to characterize the business as being of mixed type, such as

resource/manufacturing or service/manufacturing/resale. This works best in situations where a business is roughly equal parts the different types and cannot be easily subdivided and accounted for separately because the components are too intertwined. The best way to judge whether business components are not suitable to be accounted for as separate businesses is to imagine what would happen if one of them went bankrupt. If the bar in an inn went bankrupt, the inn could likely continue to operate. On the other hand, if a mine went bankrupt could the attached smelting operation continue? Likely not if the smelter's entire input was from a mine that no longer functions. Using this option, the risk factor of the business becomes the average of each of the types included (see The Risk Factor, page 16).

## BUYING A BUSINESS

Purchasing all or part of an existing operation is quick and easy, but there is a premium to pay for this convenience. The current owners will expect to be compensated not just for the value of the business's assets, but also for the earnings potential the business has demonstrated. See the discussion of **goodwill** on page 31 for more on this concept, but in the meantime it's enough to know that the purchase price of an existing business is equal to the value of the gross investment plus 10%. (This calculation is more complex for player



characters selling a business (see page 31 again), but when purchasing an investment from a non-player character, a simple 10% mark-up is used).

This 10% premium is not reflected in the gross investment value of the business once it has been purchased. For example, purchasing an existing business with an investment value of 2,000 gold pieces would cost 2,200 gold pieces, but the gross investment value of the business is 2,000 gold, not 2,200 gold.

### STARTING FROM SCRATCH

An advantage to buying into an existing concern, or fully purchasing one outright, is that it avoids the complication of needing to construct the business from scratch. In many cases, building from scratch might not be possible to avoid, particularly if the business is of an unusual nature or located somewhere one wouldn't normally find a business operating.

The general assumption is that construction proceeds at a pace of 150 gold pieces worth of investment per day. At this rate, a 1,000-gold piece investment would take 7 days to complete. It is possible to increase the speed of construction. This requires the use of an expansion management action (see Management Actions, page 24). This is the only time a management action can be used prior to the business beginning actual operations.

Realistically speaking, there are many other considerations beyond construction when starting a business. Staff need to be hired and trained; inventory and tools need to be purchased. For many businesses, there is also a lengthy operational process to conduct in order to make goods saleable. Consider a tannery, where animal hides may need to be soaked in tanning pits for a year or more before being ready to be used in leather goods. Other examples include almost anything in the agricultural industry: Raising animals and growing crops takes anywhere from a season to a number of years – you can't just build a farmhouse and a barn and expect to take your products to sell at the market the next day.

Because of the staggering variety of businesses, no set assumptions on start-up time are set beyond the basic assumptions on construction time given above. It is within the dungeon master's purview to rule that additional time must be spent on business operations before revenue starts coming in; however, for the sake of abstraction this additional time can normally be ignored. It can be assumed, for example, that a new business acquires saleable inventory wholesale to start its sales process prior to its own inventory being ready. Or perhaps the business engages in other, shorter term activities outside of its normal operations to help kick off its revenue streams. In any event, the process of starting a business should be handled in the spirit of the game: Fun and rewarding, not burdensome and punishing.



# BUSINESS CULTURE

Not every tavern is run the same way. Nor every blacksmith, guildhall, copper mine, or any other sort of business. To help simulate this, each business has a **culture** which provides an ability or other benefit not enjoyed by businesses with different cultures. When starting a business, select one of the following cultures. If purchasing an existing business, the DM can choose what culture the business has, if any. Table 2 summarizes the different cultures available and their benefit, if any.

**Table 2: Business Cultures**

Culture	Benefit
Criminal	Sabotage action
Cut-throat	Espionage action
Front	Disguise advantage
Innovative	Invention action
None	No benefit
Traditional	Interest discount
Trendy	Marketing advantage

## CRIMINAL

Some businesses are ethical, some are unethical, and some are simply criminal. A criminal culture will break any law in order to defraud a customer, undermine a competitor,

or otherwise break the rules in their own favour. In most societies, such a business would quickly find itself at best with no customers and at worst on the receiving end of the local justice system. In a less lawful society, however, a criminal culture may be the norm and caveat emptor the general rule.

A business with a criminal culture has access to the **sabotage** management action (see Management Actions, page 24).

## CUT-THROAT

For some businesses, morality is of little concern when profits are at stake. This is known as having a cut-throat culture. Customers are not always comfortable patronizing businesses that wantonly display a lack of ethics, so most cut-throat cultures try to present themselves as being traditional or some other culture to help obfuscate their shadier dealings.

Cut-throat cultures gain access to the **espionage** management action (see Management Actions, page 24).

## FRONT

One of the few examples of a business for which the primary goal is not profit, a front is intended to conceal some other activity behind a mask of routine commerce. This could be an underground political resistance movement, a temple to an outlawed religion, a devil-worshipping conspiracy, or any other organisation that needs to keep its existence a secret.

Due to their lack of focus on actually running a successful business, fronts gain no special





abilities or benefits related specifically to business; however, any employees of the front gain advantage on stealth rolls made to disguise their true activities as mundane operations of the business.

### INNOVATIVE

In many ways the opposite of traditional is the innovative culture. A business with an innovative culture values progress and finding new and better ways to do things, whether it's a manufacturing process or a sales technique.

Having an innovative culture gives a business access to the **invention** management action (see Management Actions, page 24).

### NONE

It's entirely possible for a business to have no culture at all. Having no culture imparts no particular benefit, however. In practice, the only businesses that operate without a culture are those that are in the process of changing their culture.

## TRADITIONAL

The most common culture in most campaigns, traditional cultures value how business is done and who it is done with over profits. A business that has been handed down from generation to generation is likely to have a traditional culture, but even newer businesses can be traditional-minded.

Because they are generally seen as low-risk, traditional businesses pay only half normal interest costs (see Interest, page 31).

## TRENDY

When trade caravans and merchant vessels travel to distant lands, they inevitably carry with them goods and ideas that become popular for the simple reason of their novelty. Businesses with a trendy culture latch onto these novelties in order to profit from them. The difference between trendy and innovative is that trends aren't about doing anything better, they're just about doing things differently. And once that difference becomes ordinary, the trendy business just goes out and find a new trend.

A trendy business gives its investors advantage when they take the marketing action (see Management Actions, page 24).

## CHANGING CULTURE

It has been said that it takes years to build a reputation and only seconds to destroy it. For the purpose of these rules, business culture can be changed in three months. (If your campaign world doesn't use 'months', substitute a similar length of time appropriate to the world you're playing in). This represents the space of time required for the change of direction from management to be adopted by the business's employees and, if applicable, recognized by the business's customers.

Once the decision has been made to change a business's culture, the existing culture is immediately removed. While the business has no culture, it loses access to any abilities or benefits it received from its former culture. For three months the business operates with no culture. On the fourth month the business adopts its new culture and gains access to whatever ability or benefit that culture imparts.



# THE RISK FACTOR

Not every business venture is a profitable one, and even successful businesses have bad months. It takes someone with an entrepreneurial spirit to be willing to risk the perils of investment. Even among entrepreneurs there are varying appetites for risk, though. While the potential for loss exists in all businesses, some types of business are inherently riskier – trading the potential for great losses for the chance at great profit. The metric for this potential is called the **risk factor**. It functions as a coefficient, magnifying the profits or losses for riskier businesses.

Resale businesses have the highest risk factor. This is because they carry significant inventory that they have to purchase. If that inventory is lost at sea, stolen by bandits, spoils due to age, or simply needs to be sold at a loss, the investment suffers; however, resale businesses also have a chance for large profits if they find buyers willing to pay a premium for goods in short supply.

Manufacturing operations are less risky, as their inventories tend to be relatively smaller and aren't transported as often or as far. Resource operations are less risky still, and service businesses the least risky because they have little inventory and low expenses in general. At the same time, labour rarely sells for a premium, and so service businesses have a smaller chance to produce large returns.

Table 3 summarizes the risk factors for different business types.

**Table 3: Risk Factors**

Business Type	Risk Factor
Service	x1
Resource	x2
Manufacturing	x3
Resale	x4

For businesses with a mixed type, the risk factor should be averaged among the types included. The resulting risk factor should then be rounded up to the nearest whole number. A service/ manufacturing business would have a risk factor of  $(1 + 3) \div 2$ , or 2. A service/ manufacturing/ resale business would have a risk factor of  $(1 + 3 + 4) \div 3$ , which rounds up to 3.

Risk factor is used when calculating a business's return on investment (see page 16).



# OPERATING A BUSINESS

All businesses are assumed to be in continuous operation, with the consideration that shops are only open for normal business hours, that caravans set up camp for the night and so forth. The concept of a going concern is that other than for normal interruptions, a business is an enduring operation, one that functions independently of the player character or player characters who own it.

While businesses operate continuously, generating revenue and incurring expenses on an ongoing basis, the results of business activity are accounted for using a monthly cycle.

## THE MONTHLY BUSINESS CYCLE

Every business has an operating cycle. This cycle comprises all the activity and time needed to gather materials, prepare those materials for sale, conduct the sales process and begin again. The specifics vary from one business to another. For resource businesses, the procurement of materials occupies most of the cycle, where preparation for sale and sales processes are generally simple and quick. In resale businesses the opposite is true, with the process of selling goods being their principal effort. The time it takes to cycle through these operations also varies. A bakery could conduct all of its manufacturing and sales in a single day, starting each day fresh with zero inventory. An iron mine might spend many days building up an inventory of ore, only selling once massive quantities have been accumulated.

To smooth out these differences and allow for uniformity in determining business results, a month is used as the common denomination of

time to meaningfully aggregate profits or losses. Every month that the business is in operation, a combination of market environment, management actions and random events determines the relative success of the business in that month.

Every month, a business owner will generally do the following:

- Determine the market environment;
- Check for random events;
- Declare and resolve any management actions;
- Calculate all the impacts to the business's ROI;
- Determine the closing gross investment;
- Calculate the net profit or loss.

These steps are given a detailed treatment starting on page 33. The specific timing during the month as to when the business owner completes these tasks is left somewhat open. Generally, it's best to determine random events early in the month so that corrective management actions can be planned, if necessary. That's not to say that all random events occur on the first of the month. Once the occurrences of the month are known, it can all be considered when developing a descriptive narrative that helps give life to the mechanics given here (see page 20 for more thoughts on narratives for business activity).

## MARKET ENVIRONMENT

One of the sad truths of running a business is that many factors that greatly influence the business's success are completely outside of the owner's control. To simulate this, for every

**Table 4: Market Environment**

<b>3d6 Roll</b>	<b>Condition</b>	<b>ROI Impact</b>	<b>Roll Modifier</b>
16 or higher	Propitious	+3%	+4
13 - 15	Favourable	+1%	+2
9 - 12	Neutral	none	none
6 – 8	Unfavourable	-1%	-2
5 or lower	Adverse	-3%	-4

month a business operates four aspects of the market environment are randomly determined with a 3d6 die roll. These aspects of the environment are **economic, political, strife** and **competition**.

Consult Table 4 to determine the condition of each market aspect for the month.

Market conditions normally change slowly. It would be unusual for the economy to be terrible one month, outstanding the next, and back to terrible the month after. The roll modifier column is used to simulate this. This modifier doesn't affect the current month's roll, instead it is used to modify the following month's determination of market conditions. For example, if the economic market condition is propitious in one month, the next month's check for the economic market condition is made with a +4 bonus.

It should be noted that these market conditions are determined independently for every business, even businesses that are located close to each other. At first that might seem odd. One could expect these conditions to be ubiquitous,

that a shop on Maple Street wouldn't be experiencing a booming economy while a shop on Beech Avenue suffers in a recession. The reason each business rolls market environment independently is that the conditions are meant to reflect the market relative to that specific business, not relative to the market as a whole. It's possible, for example, for the iron horseshoe industry to be booming while the linen tablecloths industry stagnates. More detail is provided for each aspect of the market environment below.

### ECONOMIC

If currency is the life's blood of the economy, this market condition determines the heart rate. The economic condition reflects how much available money people have to spend and how optimistic they are that they can afford to spend it, rather than saving it for some unforeseen need. It also measures how much wealth is flowing into a local economy, whether from trade surpluses as merchant caravans roll into the area, nobles lavishly spending, or

adventurers enjoying the sudden wealth that occupation sometimes bestows.

### POLITICAL

Governmental policy can have a dramatic effect on business. The two most obvious examples are taxes and trade tariffs, which can directly impact the bottom line of all businesses. The political climate goes beyond these examples, though. Governments often intervene in culture and commerce with sumptuary laws, property use restrictions, asset seizures under martial law or eminent domain laws, trade embargoes, and a vast number of other possibilities.

### STRIFE

Nothing puts more of a sudden damper on commerce than a condition so dangerous people refuse to engage in commerce out of fear for their own safety. Strife is a catch-all market condition for such events as wars, extreme weather, riots, rampant crime, or any

condition that can likely be considered imminently dangerous.

It's important to keep in mind how different situations relate to a given business, however. A war is likely to dampen trade and reduce harvests, but the weapon and armour smiths suddenly see their profits increase enormously. Monsoon season might flood the local mine, but the roadside inns do a roaring trade with people desperate to get off the muddy roads and into a warm bed.

### COMPETITION

If there are profits to be had, one business will rarely be left alone to take them all for itself. Inevitably, other entrepreneurs step in with ventures of their own and a competitive environment results. This is great for the consumer, as competition tends to increase selection and quality while driving down prices, but it's not so great for the business owner watching someone steal his customers.



## DEVELOPING A NARRATIVE FOR MARKET CONDITIONS

From a strictly mechanical perspective, it isn't necessary to describe the market conditions a business is experiencing any further than the propitious-through-adverse scale given in the market condition chart. From a role-playing perspective however, and to integrate the business more fully into the ongoing events of the campaign, it can be advantageous to build a narrative.

Once the market conditions for a month have been rolled, imagine them relative to the operations of the business. All conditions are relative, so a propitious condition can mean something very different for different businesses. Consider the following example:

A copper mine operates in the hills a few miles from a mid-size town. In a given month, the mine's economic condition is favourable, political is propitious, strife is unfavourable, and competition is adverse. One possible narrative for this is that commerce in town is strong and demand for copper is good, aided by the fact that the local baron has eliminated taxes and tariffs on metal production in order to stimulate the industry. So far, it's looking like a good month. Unfortunately, bandit raids have been delaying shipments of ore to the smelter in town. Also, the baron's incentives seem to be

working too well as a rival mine just started operating not far away.

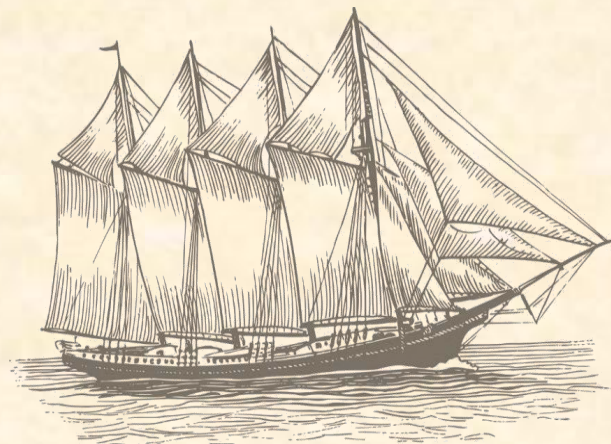
In the next month, the economic situation is unchanged at favourable. The political situation drops to neutral while strife drops to adverse and competition improves to unfavourable. The demand for copper is as strong as ever, but it seems the baron had been losing too much revenue and has reinstated normal taxes and tariffs. The adverse strife condition indicates that those bandit raids have gotten a lot worse, seriously hindering access to the smelter. That rival mine seems to be struggling as well... could it be that the bandits are in their employ?

See Adventure Hooks on page 42 for more ideas on tying business ownership to the player characters' adventures.

### Adding Percentages

Throughout these rules, many possible adjustments to return on investment are given. This is typically shown as a plus or minus to a percentage, such as +2% or -1%. These adjustments are intended to be incremental or decremental to the whole integer value of the percentage they modify, not literal percentage-based adjustments.

For example, a base ROI of 10% that is adjusted by +2% is properly calculated as 12%, not as 10.02%. Similarly, an ROI of 15% modified by a -1% ROI impact becomes 14%, not 14.99%.



# RANDOM EVENTS

Unexpected occurrences can have a significant impact on a business's performance, for good or for ill. Every month that a business is operating, roll 1d6. If the result is a 6, a random event has occurred. Roll 2d6 and consult table 5 to see which specific event.

**Table 5: Random Events**

2d6 Roll	Random Event
2-3	Devaluation
4-5	Malfunction
6	Cancelled contract
7	Theft
8	Illness
9-10	Fair
11-12	Appreciation

Details on each event's impact on the business are given below.

## DEVALUATION

The assets of the business have decreased in value. This might be due to changes in land value, increasing cost of replacing tools and equipment, obsolescence of the business's products or services, or some other cause.

Whatever the reason, the business is now worth less than it was previously. Roll 2d6 and decrease the gross business investment by that percentage. For example, on a roll of 8, a 1,000-gold investment would become a 920-gold investment. This change takes place prior to calculating return on investment for the month.


## MALFUNCTION

Something has gone wrong with one of the business's critical assets. Most likely this is a piece of equipment, a tool, or possibly a building structure, but whatever broke is going to cost the business money until it can be repaired or replaced. A Malfunction reduces the return on investment of the business by 5%. This loss persists every month thereafter. If this event is rolled again, the return on investment adjustment is added again, making the return on investment adjustment a net negative 10%. This continues if further malfunction events occur, with no limit to how large the negative adjustment to the business's returns can become. Successful completion of the maintenance management action removes these adjustments (see Management Actions, page 24).

## CANCELLED CONTRACT

The business has lost a major customer, either due to a formal cancellation of a contract or some other loss of a prior business relationship. This reduces the return on investment of the business by 5%. This loss persists every month thereafter. If this event is rolled again, the return on investment adjustment is added again, making the return on investment adjustment a net negative 10%. This continues if further cancelled contracts events occur, with





no limit to how large the negative adjustment to the business's returns can become. Successful completion of the negotiation management action removes these adjustments (see Management Actions, page 24).

### THEFT

The business has fallen victim to thieves. All businesses must eventually deal with the shoplifters, fraudsters, and robbers who make a living taking what belongs to others, but this theft was significant enough to visibly reduce the concern's profits for the month. Return on investment is decreased by 5% for this month only.

### ILLNESS

A contagious sickness has spread among the employees of the business. It probably isn't

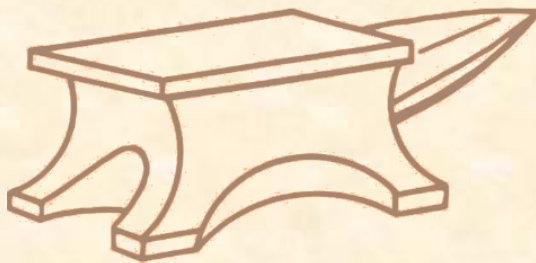
fatal, but it does reduce the capabilities of the workers to the bare minimum. No management actions may be performed by the business in the month where an illness event occurs. In the event a management action was already in progress, it ends without taking effect.

### FAIR

Fairs attract merchants, artisans, and most importantly customers from a wide area. Any business in the area when a fair takes place can be sure to benefit from the increased activity, as the festive atmosphere and exotic goods entice buyers and loosen purse strings. A fair increases the economic market condition by two grades, to a maximum of propitious, in the current month only (although the +4 roll modifier to the next month's economic market condition likely extends the benefit of a fair beyond the current month).

## APPRECIATION

This event is identical to devaluation, except that circumstances have conspired to increase the invested value of the business rather than decrease it. The reasons for this are similar to those listed for devaluation, simply with the effect of being beneficial rather than harmful to the business's value. Roll 2d6 and increase the gross business investment by that percentage. On a roll of 11, for example, a business with a gross investment value of 1,000 gold would become a 1,110-gold piece business. This change takes place prior to calculating return on investment for the month.



## Discounts and Personal Use

When the player characters run their own business, the temptation will often exist to make personal use of the assets and merchandise. A weapon shop offers an inviting inventory of goods for adventurers, for instance. An inn is a welcoming place to eat and rest for free. A mercenary outfit could provide hired swords to aid an adventuring party in their battles.

As a general rule, any use player characters make of businesses they own should be at the standard rates and prices as given in the *PLAYER'S HANDBOOK* and other supplements. It might seem strange that a character who owns a business can't get a discount on its products, but there is a good reason for this.

The most important idea to consider regarding discounts is that the goods and services a business offers are not without cost to that business. Inventory costs money to stock, and employees providing services expect to be paid. Because of this, any free services or discounted goods would represent a direct diminishment of the business's profits for that month. In other words, the players could take liberties with the products of their businesses, but the cost of such use would need to be subtracted from the gross profits of the business at month end anyhow, meaning that the net impact would be no savings at all. In a situation where the business has multiple owners this is even more serious as it would essentially mean the player character was stealing from his partners.

To avoid this complexity and the resulting negative implications, the rule therefore is that player characters pay for goods and services just like everyone else, irrespective of the investments they own.

# MANAGEMENT ACTIONS

A business owned by a player character operates whether she is around or not by virtue of the fact that it is an independent going concern. The advantage to the player character actually being around to run the business instead of letting the employees take care of everything is that a player character is capable of taking **management actions** to help boost the profitability of the business.

Taking a management action requires the owner to make an ability check. The specific ability for each management action is listed on table 6. The base DC for all management actions is 30. Every day (minimum of 8 hours) spent on the action reduces the DC by 1, to a minimum DC of 5. The ability check is always made after the time has been invested, never before or during.

Possible management actions are listed on table 6.

**Table 6: Management Actions**

Management Action	Ability	Effect
Contract labour	Special	Substitute management action ability score
Espionage	Wisdom	Improves competitive environment
Expansion	Intelligence	Build a new or expand an existing business
Invention	Intelligence	Improves investment value
Maintenance	Intelligence	Reduces malfunctions
Marketing	Charisma	Improves ROI
Negotiation	Charisma	Reduces cancelled contracts
Sabotage	Wisdom	Improves competitive environment
Training	Wisdom	Grants advantage on management actions

A business can only attempt one management action at a time. If the business has more than one owner, one of the owners can use the help action to give the player character attempting the management action advantage on her roll; however, the helper must spend the same or a greater amount of time on the management action as the player character making the roll. Attempting management actions or helping another attempt a management action is restricted to player characters who own at least 10% of the business's total investment.

Time invested in management actions can carry over from month to month; that is, a player character could spend the last 5 days of a month working on a management action, then continue spending another 10 days in the next month in order to make the management action check with a DC of 15. The time spent on management actions must be contiguous – if any day passes without the management action being worked on, the management action ability check must be made at that point or else the count of days spent on the action starts



over. The result of the management action always effects the month in which the management action is completed.

Under some circumstances, the dungeon master may increase or decrease this DC. For example, if a business attempts the same management action month after month, the dungeon master could rule that such repeated attempts have a diminishing effectiveness and increase the DC to compensate, or simply disallow the action.

Refer to table 7 to gauge the results of the management action.

**Table 7: Management Action Checks**

Ability Check	Result
Exceed DC by 5 or more	Outstanding success
Meet or exceed DC	Success
Fail to meet DC	Failure
Fail by 5 or more	Catastrophic failure

The descriptions of the different kinds of management actions below detail the specific outcomes for each type of result.

### CONTRACT LABOUR

The contract labour action allows an investor to bring in a skilled worker to perform management actions on her behalf. This worker acts like a consultant, working alongside the business owner, providing guidance in areas the owner lacks expertise.

In order to take the contract labour action, select any other management action for the consultant to perform (assuming the action is allowed by the business's culture). That action is carried out as normal, with the owner choosing how many days to spend on the action and an ability check being made to determine the success or failure of the attempt. The difference is that with the contract labour action, the ability check is made using the consultant's ability score instead of the owner's. This ability score is assumed to be 16 (for a +3 bonus on the ability check). Since the owner is considered to be helping the consultant, the check is also made with advantage.

The only drawback to using the contract labour action is cost: For every day the consultant works on the requested management action, the business must pay 3 gold pieces. This cost is paid at the end of the action, in the month the ability check is made, irrespective of the outcome of the check. The total cost is subtracted from the month's profit (or added to the month's loss).

Example: A flour mill is in need of maintenance, but the owner of the mill, Thurg the Thick, has doubts about his odds of successfully carrying out an Intelligence-based maintenance action. Thurg instead takes the contract labour action, requesting the hired consultant to oversee the maintenance. He hires the consultant for 15 days. When the management action check is made, it is against DC 15 using the consultant's Intelligence of 16, with advantage. The mill's return on investment for the month will be reduced by the 45-gold consultant's fee (15 days times 3 gold per day).

If 3 gold pieces per day is too steep a price, a consultant can be hired for 2 gold per day, but his ability score is only 14 for the purpose of management actions. At 1 gold per day, a

consultant with an ability score of 12 can be hired.

## ESPIONAGE

Most people think of spies as the agents of military or governmental organisations, but industrial espionage has existed for almost as long. Spying on competitors can have a number of benefits, including learning of marketing or expansion plans, discovering the identity of backers or silent partners, and uncovering secret recipes, manufacturing techniques, trade routes, and customer lists. Because of the ethical implications of spying, only a business with a cut-throat culture may conduct an espionage management action.

A successful espionage action improves the competition market condition by one grade (unfavourable becomes neutral, neutral becomes favourable, and so forth). An outstanding success increases the competition market condition by two grades. On a failed check there is no impact, but on a catastrophic failure the information gathered is misleading and the competition market condition worsens by two grades. This effect lasts only a single month (although the bonus or penalty to the subsequent month's market environment rolls can prolong the benefits or penalties associated with attempting espionage). Note that the best possible market condition is propitious and the worst possible is adverse, irrespective of the outcome of an espionage action.

Espionage actions are resolved using a Wisdom ability check.

## EXPANSION

Most successful businesses will eventually want to grow. Such growth is represented by an increase in the total invested value of that



business. Added investment requires the oversight and expenditure of funds of the owner. The base amount of investment that can be added to a business is equal to 150 gold pieces per day. This represents the time needed for new construction as well as all related activity like training new staff, acquiring new land, expanding inventory, and so forth.

While time must be spent on the expansion action in order to grow an investment at the 150-gold base rate, no ability check is required. It is possible to expand more rapidly by making an Intelligence check. On a successful check, the rate of expansion increases to 400 gold per day. With an outstanding success, the expansion rate increases to 1,000 gold per day. This reflects the player character's ability to oversee larger and more complex construction processes.

If an expansion check is failed, the investment rate slows to 100 gold per day. If the result is a catastrophic failure, the project has been so mismanaged that the rate of investment drops to zero – no progress has been made.

This management action can also be used in the construction of a new business (see Starting from Scratch, page 12). Keep in mind that there is no inherent minimum or maximum number of days this action can be attempted over, so it might be advantageous to break up the action over a number of separate attempts to minimize the risk of losing significant time to a catastrophic failure.

As previously mentioned, expansion management action checks are made using Intelligence.

## INVENTION

By today's standards, where products are obsolete within months and new advancements are announced daily, the rate of progress in a medieval economy would seem astonishingly slow. Still, technology does march on at a measured pace and businesses that focus on improving their products and processes can benefit greatly. Only a business with an innovative culture can attempt an invention management action.

When a business owner attempts an invention action, she makes an Intelligence ability check. If the result is a success, a meaningful advancement has been made, improving the business in a measurable way. This is simulated by increasing the size of the business's gross investment by 2%. Should the result be an outstanding success, the increase is instead 4%. For example, a 1,000-gold piece investment value would become a 1,020-gold investment on a successful invention action, or 1,040 gold pieces on an outstanding success.

On a failed invention check, no change to the business's investment value occurs; however, on a catastrophic failure the invested value of the business instead decreases by 4% as a promising development turns out to actually

leave the concern worse off than it was doing things the old way.

These changes to the investment value of the business are applied prior to calculating the return on investment for the month, so they have an immediate effect on profits or losses.

As mentioned above, invention management action checks are made using Intelligence.

## MAINTENANCE

All businesses must put some effort into keeping their assets in working condition. Retail outlets try to keep the shop presentable for customers; workshops keep the tools in working order, and so on. While a certain ambient level of care and attention to an investment's assets is expected as part of routine operations, the maintenance management action involves a more directed and strenuous effort to keep the business functioning at peak efficiency, over and above what the staff are able to organize without direct input from the owner.

The effects of one or more malfunction random events that have already occurred are removed by a successful maintenance action; otherwise this action negates the next malfunction random event that occurs. An outstanding success has the same effects, but also negates one additional malfunction random event in the future.

A failed maintenance attempt has no effect – any future malfunction event occurs as normal and any current effects of malfunction events continue. A catastrophic failure indicates a maintenance action so poorly conducted it immediately results in a malfunction event occurring (see under Random Events, page 21).



Maintenance management action checks are made using Intelligence.

## MARKETING

Marketing involves attempts to establish or improve a business's relationship with its customers. This often takes the form of advertising for new customers or socializing with existing customers.

A successful marketing action directly improves the business's return on investment by +2% in the month the action is completed. An outstanding success instead increases the return on investment by +4%.

If a marketing attempt results in a failure, no ROI change takes place. Unfortunately, if a catastrophic failure occurs the marketing effort was so botched it results in a -4% change to that month's return on investment.

All marketing management action checks are made using Charisma.

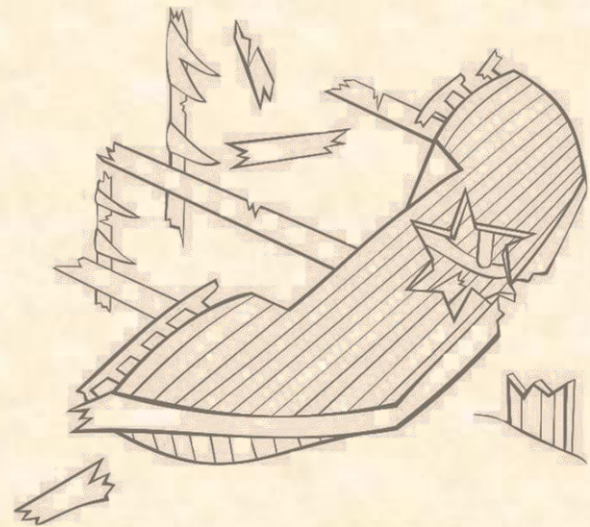
## NEGOTIATION

This action reflects the efforts of a business to set the best possible terms in its customer relations. This might be formal contract negotiations, re-establishing business relations with former clients, or simply haggling over prices.

If a business is suffering the effects of one or more cancelled contract random events, a successful negotiation action negates those effects; otherwise it negates the next cancelled contract random event that occurs. An outstanding success has the same effect, but also negates one additional cancelled contract random event in the future.

A failed negotiation attempt has no effect – any future cancelled contract event is not negated, and any current effects of a cancelled contract event continue uninterrupted. A catastrophic failure indicates a negotiation attempt so inept it immediately results in a cancelled contract event occurring (see under Random Events, page 21).

Negotiation management action checks are made using Charisma.



## SABOTAGE

Unethical and illegal, sabotage can also be very effective. This action is only available to those businesses that have a criminal culture. The effects of sabotage have much in common with espionage – both involve directly undermining competitors. Where espionage is subtle, however, sabotage is anything but, instead attempting to directly harm competing businesses by damaging or destroying their assets.

A successful sabotage action improves the competition market condition by one grade (unfavourable becomes neutral, neutral becomes favourable and so forth). An



outstanding success increases the competition market condition by three grades.

On a failed check the competition market condition is unchanged, but the political environment worsens by one grade. On a catastrophic failure, the political market condition worsens by three grades. This reflects the impact of fines and other sanctions, possibly including prison terms for employees, brought by local authorities in response to the business's illegal activities. Note that the best possible market condition is propitious and the worst possible is adverse, irrespective of the outcome of a sabotage action.

Sabotage actions are resolved using a Wisdom ability check.

## TRAINING

Time invested in developing the skills of employees is rarely wasted, as a skilled workforce is capable of handling all eventualities better than an amateurish one. A successful training management action gives the business advantage on the next management action attempted after the training is complete. An outstanding success instead gives advantage on the next 3 management actions attempted.

A failed training action has no negative repercussions, but a catastrophic failure means the staff are so confused by what the owner attempted to teach them the business gets disadvantage on its next management action after the training is complete.

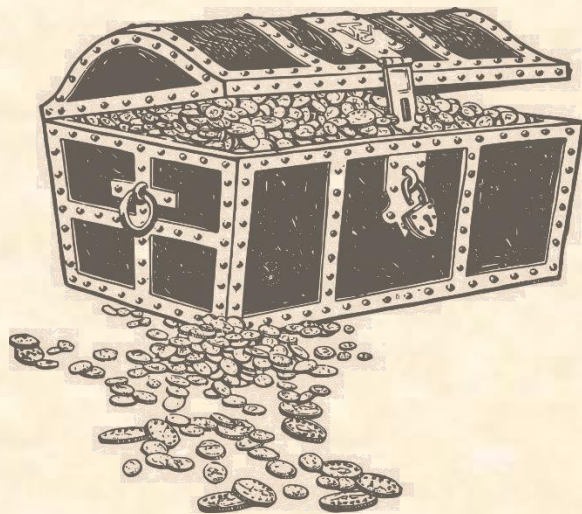
Training management actions are resolved using Wisdom as the relevant ability.



## INTEREST

Under certain circumstances, a business may choose to (or be forced to) take on debt. This is most often the result of unprofitable operations, where business costs need to be covered by short term loans (see Debt, page 35). Under a capitalist economy, debt can also be used to purchase an investment (see Feudal and Capitalist Economies, page 40).

Any time a business begins a month with a debt balance, interest expense must be calculated. This expense reduces the net return on investment of the business in that month. To calculate interest expense, multiply total debt at the month's beginning by 20% and divide by 12, rounding down to the nearest copper piece.



## GOODWILL

In modern parlance, **goodwill** is the intangible value of a business over and above the direct value of its assets less its liabilities. The reason a business is typically worth more than the sum of its balance sheet is that when a business has a proven ability to generate a favourable return, that profitability is factored into the business's value. Note that this is for purpose of the business's selling value, not its investment value used for monthly return on investment calculations.

All businesses begin with a goodwill value of 10%. Every month take the business's calculated ROI (see Return on Investment, page 33) and subtract the business's current goodwill from it. Use ROI, not risk-weighted ROI. Divide the result by 24 and round down to a single decimal place. That result is added to the prior goodwill to determine the revised goodwill. Since this is done every month the business operates, the business's goodwill value is always fluctuating based on its profitability from month to month.

For example, if a business with a goodwill value of 14% experiences an ROI of 18% in a particular month, the recalculation of goodwill would be:

$$([18\% - 14\%] \div 24) + 14\% = 14.2\%$$

If the business had experienced an ROI lower than its current goodwill, its recalculated goodwill would decrease. For instance, if a business with a goodwill value of 14% experiences an ROI of 6%, the recalculation of goodwill would be:

$$([6\% - 14\%] \div 24) + 14\% = 13.7\%$$

Goodwill is principally used in instances of divestiture (see page 36).

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### Modifying Rate Percentages for Different Calendars

Throughout these rules, percentage rates are used for the calculation of return on investment and interest expense. These rates are presented in all cases as annual rates. (This is why calculations for interest expense and ROI require you to divide by 12 – it reduces the annual amount down to a monthly amount). Annual rates are used because they're easily understood: In the real world, if you're given a percentage rate it will almost invariably be an annual rate.

This works well in real life, and it works well in a *Dungeons & Dragons* campaign set in the Forgotten Realms. In Faerûn, the year is also 365 days, divided into 12 months roughly analogous to a real calendar (for purposes of accounting for a business in the Forgotten Realms, ignore any special calendar days that fall in between months).

However, if your campaign takes place in a setting with a different sort of calendar, these assumptions may not work as well. A different setting could, for example, have a year that's only 200 days long, divided into five months of 40 days each. Or it might not have months at all. A world with no moon, for instance, would likely have the year divided into seasons or some other grouping of days rather than a period roughly analogous to the phases of the moon.

In cases where a campaign uses an unusual calendar, a little bit of math is needed to translate the rates provided in these rules into percentages useable in another setting.

Fundamental to this math is a simple concept – the percentages given herein are meant to represent 365 days of business activity, more or less. In order to translate them to another time

frame, simply divide the rate by 365 and multiply it by whatever new period you desire.

For example, the world of Zurris has a smaller orbit than Earth. Its year is only 310 days long. Lacking a moon, the people of Zurris have never considered the concept of a month. Instead, they divide the year into the four seasons, each being 77 days long, with an extra day at mid-summer and mid-winter. The Zurrin calendar divides these seasons into 11 weeks of 7 days each. For this example, many of the concepts used in these rules would not work properly. The basic concept of annual rates needs to be adjusted, as does the idea of accounting for business operations on a monthly basis.

To correct the annual percentage rates, use the rate of a single day as the basis. In this example, if the ROI was determined to be 14%, we could restate that as a daily rate of 0.0384% ( $14\% \div 365$ ). Multiply that by the number of days in a Zurrin year gives us a Zurrin year equivalent rate of about 11.9% ( $0.0384\% \times 310$ ). (If you're comfortable doing so, you could do this in one step by multiplying  $14\% \text{ by } 310/365$ ).

We would use this conversion method when calculating ROI and interest expense, and we would also likely divide the year into something other than 12 periods, since the Zurrin calendar doesn't work that way. We could have 4 periods, corresponding to the seasons, 44 periods, corresponding to the weeks, or something in between. Whatever period you choose, substitute the number of periods in a year for 12 when calculating ROI or interest. For instance, if accounting for business on Zurris seasonally, you would convert the percentage rates as outlined above and divide the result by 4 to determine the result for a single season.

For the purpose of calculating goodwill, use the number of periods in a year multiplied by 2 in place of 24 in the goodwill calculation formula.

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# RETURN ON INVESTMENT

At the end of every month a business operates, the owner (or owners) must calculate the return on investment. If the business has more than one owner, any owner who is a player character performs this calculation on behalf of all owners. Multiple player character owners can decide among themselves who will calculate returns for the month.

## STEP 1: BASE RETURN ON INVESTMENT

Base ROI is assumed to be 10% for all businesses. This is due to a simple fact: No one wants to invest in a business likely to generate a poor return, or worse yet to operate at a loss. Because of this, all business ventures are presumed to be capable of generating a modest yet healthy return of 10% on their investment, subject to considerable variability as outlined in these rules. Note that the interest rate is an annual one – hence when calculating profit or loss for the month, the result is divided by 12.

## STEP 2: MARKET ENVIRONMENT

Roll for the four elements of market environment: economic, political, strife and competition, as outlined on page 17. Remember that these market conditions may be altered by random events or management actions, which are covered in steps 3 and 4.

## STEP 3: RANDOM EVENTS

Determine if a random event occurs, and if so, follow the instructions for the specific event as given on page 21.



## STEP 4: MANAGEMENT ACTIONS

For any management actions concluding this month, resolve their outcome as described beginning on page 24.

## STEP 5: FINALIZE MARKET ENVIRONMENT

Revisit the market conditions determined in step 2 and modify them if necessary, based on the outcomes of steps 3 and 4.

## STEP 6: FINALIZE INVESTMENT

Determine the final gross value of the business's investment. Remember that this is the gross investment representing all ownership, not just the ownership portion of the player character calculating the ROI. Random events and management actions can

also modify the investment, so consider those as well if applicable.

### STEP 7: FINALIZE RETURN ON INVESTMENT

Sum the base ROI given in step 1 with the ROI impacts of the finalized market environment determined in step 5. Also, add any other ROI adjustments per the effects of random events and management actions, if applicable.

### STEP 8: APPLY RISK FACTOR

Multiply the finalized ROI determined in step 7 by the business's risk factor to determine the risk-weighted return on investment.

### STEP 9: DETERMINE GROSS RETURN

Multiply the risk-weighted ROI from step 8, positive or negative, by the finalized gross investment total determined in step 6. Divide the result by 12 and round down to the nearest copper piece to determine gross return on investment.

### STEP 10: CALCULATE INTEREST

If the business carried any debt at the start of the month, calculate the interest expense as described on page 31.

### STEP 11: DETERMINE NET RETURN

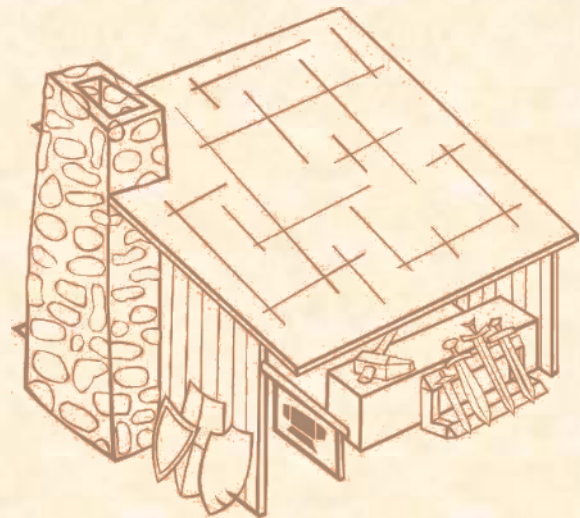
Reduce gross return by the amount of interest expense, as well as the amount of any other adjustments such as contract labour costs. This final amount is the business's net return for the month.

### STEP 12: DETERMINE MONTHLY PERFORMANCE

Dependant on the net return, the monthly performance can be profit, reinvestment, debt, shrinkage, divestiture, or bankruptcy. See Monthly Performance on page 35 for a description of these results.

### STEP 13: UPDATE BUSINESS SHEET

The business sheet needs to be updated with the current state of the business after every month end (see the business sheet sample on page 49). This is important as the results from one month directly influence the next month when it comes to rolling for market environment, and various other factors such as debt, goodwill, and management actions should be tracked as well.



## MONTHLY PERFORMANCE

Once the results of business for the month are known, it becomes necessary to take stock of the situation and make a judgement of the best path forward. Ideally, the business is successful, and operations will continue, but this isn't always the case. The monthly performance of a business is defined as one of the concepts expanded on below: profit, reinvestment, debt, shrinkage, divestiture, or bankruptcy.

### PROFIT

If business operations proceed as they should and the market conditions aren't overly unfavourable, any business should be able to realize a profit. Profit is the default result of monthly operations – it's the reason people start businesses in the first place. If the return on investment in a month is anything greater than zero, and interest and other costs don't exceed gross returns, the monthly performance is profit. In this situation, the owner would pocket the profits for herself (or have them held for her until she returns) and continue business as usual in the next month.

When a business has more than a single owner, the profits need to be split among the owner group (see Profit and Loss Considerations for Shared Investments and Business Combinations, page 37).

### REINVESTMENT

When revenues are less than expenses, the result is a loss; if ROI is negative, this is what has happened. Hopefully this doesn't happen often, but when it does the bills still need to be paid if

business is going to continue. Reinvestment is often the best option in this case. This represents the owner or owners stepping in with additional funds to ensure the business stays viable.

The amount of reinvestment needed is equal to the amount of the loss the business sustained in the month. If the net return for the month is a loss of 50 gold pieces, a 50-gold piece reinvestment is needed to keep the business running. Despite the name, it should be noted that reinvestment does not in any way change the gross investment value of the company – instead it stops that investment value from decreasing.

If the business has multiple owners, the cost of reinvestment should be split among them (see Profit and Loss Considerations for Shared Investments and Business Combinations, page 37).

One final consideration for reinvestment is the availability of funds. If the owner lacks the cash needed to pay for the reinvestment, this option is unavailable. Similarly, if the owner is absent (perhaps off on an adventure somewhere), she may not be able to contribute the funds needed to make this a viable option.

### DEBT

When funds for reinvestment aren't available, the next best option may be to borrow funds on a short-term basis. Money lenders in a medieval economy tend to charge very high rates of interest by modern standards – but incurring some interest expense is often better than losing all or part of an investment.

Debt can also be used in combination with reinvestment or shrinkage. If monthly losses totalled 20 gold pieces, for instance, the owner could pay 10 out of pocket and take on 10 gold pieces of debt to cover the remainder.

In general, debt is assumed to always be available. There is a limit to the amount money lenders are willing to extend, however, before the risk of the loan becomes too great: No business may carry debt in excess of its gross investment value.

### SHRINKAGE

If reinvestment and debt are not available, or not desirable, the next option is shrinkage. This reflects the business being forced to pay its costs by selling off assets, shrinking the workforce, bartering with its own inventory, or some other means of keeping the business afloat by trading part of itself away. Using this option, the gross investment of the business decreases by the amount of the month's losses.

### DIVESTITURE

Divestiture is a fancy word for selling a business, or part of a business. An owner may sell for many reasons, such as to free up funds for some other venture or to stop the bleeding if ongoing losses are becoming unsustainable. Using this option, the owner sells off as much of the investment as she chooses, using the proceeds to pay the business's losses. It's worth noting that divestiture can occur even if the business is profitable – you can sell your business any time you choose.

The basic assumption is that an investment sells for its own investment value. Selling a 500-gold piece business, or a 500-gold piece portion of a

larger business, should net you 500 gold pieces. The amount gained is reduced by the amount of any debt the business is carrying (assuming the debt is divested along with the business – if the business is only partially divested and retains all of its debt, the proceeds need not be reduced).

The divestiture amount also needs to be adjusted by the business's current goodwill (see page 31 for detail on goodwill). Take the goodwill percentage, multiply it by the amount of investment being divested, and that amount (positive or negative) is added to the total proceeds of divestment.

For example, a 1,200-gold investment with 150 gold worth of debt and a 13% goodwill would calculate its selling value as:

$$1,200 - 150 + (1,200 \times 13\%) = 1,206 \text{ gold}$$

### BANKRUPTCY

The final option, should all else fail, is to simply walk away. Using the bankruptcy option, the gross investment value of the business falls to zero and it ceases to exist.

For business combinations, generally no special provisions need be made for bankruptcy. If a single enterprise is being accounted for as separate businesses, for instance an inn with a dining room and bar, it's entirely possible for one of the businesses to be profiting while the others are not. It's even possible for one or more parts of the business to go bankrupt independently – the inn in question may have had to close down its rooms and kitchen due to lack of business, but the bar is still going strong.

## PROFIT AND LOSS CONSIDERATIONS FOR SHARED INVESTMENTS AND BUSINESS COMBINATIONS

In any case where a business has multiple owners, there are only two changes to be made in applying these rules. First, any profit from the business is shared among the owners proportional to each owner's share of the total investment. For example, a business with a total investment of 4,000 gold is owned by three player characters: One has a 2,000-gold piece investment and the others have 1,000 gold invested each. In a particular month, that business generates a profit of 50 gold pieces. The player character with 2,000 gold invested would keep 25 of the 50 gold. The other two would keep 12 gold and 5 silver each.

Second, any loss incurred by the business must also be shared. When a shared investment suffers losses, the choice of reinvestment, debt, shrinkage, divestiture, or bankruptcy must be mutually agreed upon by all owners. In the case of reinvestment, each owner contributes

according to her investment portion, exactly as is outlined above for the sharing of profits. In the case of shrinkage, each owner's investment shrinks proportional to their ownership. In the case of divestiture, the proportion of proceeds and reduction in investment applied to each owner is similarly calculated relative to his or her share of the total investment.





## NEW BACKGROUND — FAMILY BUSINESS

You were born or adopted into a family that owned a small business. From a young age you worked alongside your parents, learning to run the business and always understanding that once you reached adulthood it would become your responsibility.

**Skill Proficiencies:** Insight, Persuasion

**Tool Proficiencies:** Either vehicles (land) or vehicles (water), one of your choice

**Equipment:** The deed to your business, a set of common clothes, and a belt pouch containing 10 gp

### FEATURE: INVESTMENT HEIR

As the heir to your family's business, you begin the game with an investment valued at 100 gold pieces. This could be an entire business, albeit a modest one, or it could be a share of a larger concern. This starting investment can be in any type of business. Work with your DM to determine the appropriate sort of investment for the campaign.

### SUGGESTED CHARACTERISTICS

How your experiences have helped shape your outlook depends greatly on what sort of business you grew up in. Formative years spent in the depths of a salt mine produces a very different outlook than those spent behind the counter of a jewellery shop. One common characteristic of anyone growing up in a family business is a keen understanding of the importance of profit.

### d8 Personality Trait

- 1 My manner of speaking makes it seem as though I'm always trying to sell something.
- 2 Adventuring is just another sort of business, and I know how to manage a business.
- 3 I trust a firm handshake more than a fancy contract.
- 4 I'm often embarrassed that I inherited my business instead of starting it myself.
- 5 I have a lifetime of experience in what I do, and I take great offense when someone questions my judgement on business matters.
- 6 No one can bargain a deal better than me.
- 7 I assume everyone wants to hear stories of the big sales I've made or famous customers I've served.
- 8 I treat everyone like a potential customer, no matter how unlikely the circumstances.

**d6 Ideal**

- 1 **Community.** My business is an anchor upon which the lives and well-being of many depend. (Good)
- 2 **Tradition.** What we do and how we do it defines our culture, and thus ourselves. (Lawful)
- 3 **Innovation.** It doesn't matter what you're doing, there's always a better way to do it. (Chaotic)
- 4 **Profit.** At the end of the day, I'm only in this for the money. (Evil)
- 5 **Aspiration.** One day, I want to own a business so large it's known all over the world. (Any)
- 6 **Industry.** A hard day's work is its own reward. (Lawful)

**d6 Bond**

- 1 I will take revenge on the thugs who robbed my business.
- 2 One day I will sell my business and use the money to do something truly worthwhile.
- 3 To me, my business is like a sacred temple, to be defended at all cost.
- 4 I had a prior business that failed – and the money lenders are still after me to pay the debts.

5 My employees depend on the wages I pay to provide for their families; if my business fails, I fail them.

6 My parents entrusted their life's work to me, and I refuse to disappoint them.

**d6 Flaw**

1 My inheritance is shared with my siblings and I would gladly betray them to take it all for myself.

2 I value profit more than the well-being of my employees.

3 To keep my business afloat I made a deal with some criminals.

4 I resent my parents for forcing me to be part of their business instead of allowing me to follow my own dreams.

5 I assume everyone is trying to cheat me.

6 My employees don't love me, but they do fear me, and I like it that way.

# FEUDAL AND CAPITALIST ECONOMIES

The preceding rules all assume an economy roughly based on the historical feudal economies of the real world. A basic description of this sort of economy is that land is owned by the ruling class (the nobility for example). Common people are given the right to live and work on the land in exchange for service they provide to their local noble. In addition to their right to live and work the land, the commoners are also granted military protection by their noble lord or lady.

For modern readers, who likely live in a capitalist economy where land can be privately owned, much of the feudal economy would seem rather alien. This is no doubt why the settings of most *Dungeons & Dragons* games, while ostensibly mimicking the medieval period's economics, owe considerably more to contemporary economic sensibilities.

One of the key differences between feudal and capitalist economies is the use of debt. In feudal economies money lending exists, but generally only in relatively small amounts, for relatively short periods of time and for relatively high rates of interest. The notion of borrowing significant sums in order to build a house or start a business is not part of a feudal world.

In order to simulate a capitalist economy, a few alterations need to be made

to the above rules regarding debt: First, it is permissible to borrow money and use it to invest in an existing business or to construct a new business. This initial debt cannot exceed 50% of the total investment being made, although the total debt can subsequently increase up to the total value of the gross investment if needed to cover losses (see the rules for debt on page 35).

Employing debt to start a business obviously adds somewhat to the challenge of generating a net profit, as the business incurs interest expenses immediately. However, this is offset somewhat by interest rates being generally lower in a capitalist economy. When calculating monthly interest expense, use a rate of 10% instead of 20% to reflect this.



# MAGIC

The subject of magic hasn't intruded in the preceding rules for two reasons. The first is that the amount of magic present in a campaign varies substantially. Thus, the extent to which magic influences the economy and the practice of running a business also varies from campaign to campaign. The second is that there are simply so many different ways the presence of magic can impact business, it's effectively impossible to anticipate all the possibilities.

Many spells have the potential to alter the normal course of commerce. Even if only cantrips are considered, there are spells such as *friends* and *mending* which can respectively swing the outcome of a contract negotiation in favour of the spellcaster and render the efforts of a small army of artisans irrelevant.

Higher level spells magnify these effects: *Charm person*, *detect thoughts*, *fabricate* and a plethora of other still more powerful spells can alter many of the basic assumptions that make an economy work. How can one expect to sell something for a profit when she can be magically compelled to just give it away? How can one expect to earn a living by building things when someone else can cause them to magically appear with the wave of a hand? For that matter, what good does it do to hold inventory for sale when spells like *invisibility* and *dimension door* make property rights nothing more than a philosophical concept?

These issues are presented as questions because the answers are not given here. Every dungeon master needs to decide for herself the prevalence of magic in her world and what its effects are. Perhaps magic is rare enough that the economy marches on indistinguishable from

a world without magic. Or perhaps it's so ubiquitous that every business owner must be an accomplished spellcaster, with arcane constructs and summoned fiends standing sentry over every transaction, or else risk almost immediate bankruptcy. Most campaigns will fall somewhere between the two extremes – just remember that the more magic there is in a setting, the more businesses must be ready to incorporate it into their operations and be prepared to defend against it.

A further consideration is the existence of magic items and the possibility of procuring or even manufacturing them for resale. The official rulebooks provide some guidelines as to the time and resources needed to construct magic items, as well as the potential value to sell them. For the purpose of operating a business using these rules, there should be no need to treat a concern dealing in magical items differently than any other business.

Depending on whether the magic items are purchased for resale or manufactured from scratch, the business would be either resale- or manufacturing-type. Beyond that, all the rules contained herein pertain equally well to a magical business as to a mundane one. Bear in mind that while enchanted items may sell for a premium, so too would they cost a considerable amount to buy or make, hence the return on investment concepts presented in these rules can be used without adjustment.

# ADVENTURE HOOKS

Owning and operating a business should help integrate the player characters into the campaign setting. At a minimum, the business becomes a home base for the party – somewhere to pass time constructively and hopefully earn some money while waiting for the next adventure. It also provides player characters with something meaningful to do with all that treasure they find.

Ideally, it can be much more than this. Owning a business allows for natural adventure hooks. This concept is strongly tied to the narrative you construct to explain the results of monthly business operations (see *Developing a Narrative for Market Conditions*, page 20). With a minimum of coaxing, a story should begin to emerge that can lead to new adventures in an organic and unexpected way.

Remember also that although there are limitations on the sort of management actions a business can take, whether due to time constraints in a month or to culture restrictions, there's nothing saying an adventuring party can't take it upon themselves to influence the market environment through their own ingenuity.

Table 8 lists a number of possible business-related adventure hooks, which can be rolled for randomly or used for inspiration.

**Table 8: Adventure Hooks**

**d10 Adventure Hook**

- 1 Once prolific resources of a mine, forest or other such site have mysteriously become scarce
- 2 Shipments to or from the business are being targeted by bandits, and it's far too frequent to be random
- 3 Unscrupulous competitors are plotting against the company; their plans include sabotage and worse
- 4 Customers of the business have been disappearing and the authorities suspect the owner
- 5 A new noble family has assumed control of the area, and the business is at risk of being outlawed
- 6 Odd weather has been hampering operations, and the portents say it isn't natural
- 7 A protection racket has moved into the area and threatened the business – pay up or else
- 8 War is brewing: Will it be good for business or a catastrophe?
- 9 Steep tariffs are cutting into profits and smugglers are offering their services to avoid the onerous levies, but is it worth the risk?
- 10 A new client is offering a rich contract, but whoever wins it needs to complete a series of bizarre and potentially dangerous tasks

## BUSINESS EXAMPLES

In order to illustrate the rules presented above, two businesses are exemplified here. The first is relatively straightforward – a smallish service business. The second is a more complex combination business with several owners. Both businesses are described over the course of one or more months of operation to demonstrate the use of random events and management actions.



### BUSINESS EXAMPLE 1: THE EMBLAZONED ESCUTCHEON

Warrior and explorer Adalbern Vigdis honed his skills as a soldier-for-hire before joining a freelance adventuring party. Some time has passed and, with a heavy purse and an eye towards the future, Adalbern is looking to invest some of his earnings. The only sort of business the warrior really knows is soldiering, so he decides to start up a small mercenary company called The Emblazoned Escutcheon.

Adalbern's player, Agnes, confers with her dungeon master and they both agree that a

mercenary company is properly classified as a service-type business. The risk factor is x1. Being a proponent of new strategies and equipment styles, Adalbern decides that an innovative culture suits his business best. Goodwill begins at the base 10%.

The last piece needed to set the business up is to decide on the initial investment. In this case, Adalbern decides to invest 5,000 gold pieces. At the default construction speed, he needs to wait 34 days before the business is up and running. (Note that this "construction" time also includes the time needed to recruit employees, assemble equipment and supplies, and so forth).

While waiting for the construction to complete, Agnes elects to spend some time adding more description to the business, giving it a real identity and presence in the campaign. Again, conferring with the DM, Agnes decides that a 5,000-gold investment is sufficient to build a small barracks with an adjoining training yard, a good selection of basic arms, armour, and other needed supplies, with enough left over for the working capital needed to finance the first month's payroll and other expenses. The company employs about 30 hired mercenaries (the specific number isn't important, but 30 sounds reasonable).

Since Adalbern has been adventuring in and around Daggerford, that will be the location of the barracks. This mercenary company offers security services as well as occasional military work in border skirmishes and other engagements around the central Sword Coast.

For the first month of operations, Adalbern sticks close to Daggerford so he can be available for management actions. Agnes begins by

rolling for market conditions and checks for random events.

For market environment, there are no roll modifiers as this is the first month of operating. Agnes rolls 3d6 for each condition, getting 14 for economic (favourable, +1% ROI), 9 for political (neutral), 10 for strife (neutral) and 13 for competition (favourable, +1% ROI). A 1d6 roll for random events comes up 4, no random event this month. So far, so good.

Since Adalbern is spending downtime in the area, he decides to try a management action. As this is an innovative business, it seems natural to try the invention action. The base DC is 30, but since the warrior has nothing else going on, he decides to spend 25 days on the action, reducing the DC to the minimum of 5. Agnes makes her Intelligence ability check, rolling an 11. Since she exceeded the DC by 5 or more, this is an outstanding success and the gross investment of Adalbern's business increases by 4%.

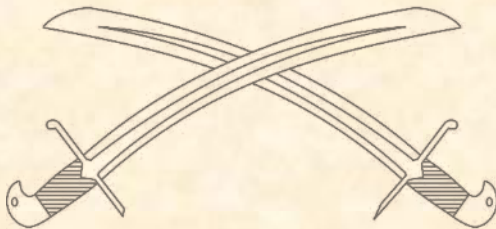
At the end of the first month, the return on investment calculation looks like this:

BASE ROI	10%
± MARKET ENVIRONMENT	+2%
- ACCUMULATED MALFUNCTIONS	~
- ACCUMULATED CANCELLED CONTRACTS	~
± OTHER RANDOM EVENTS	~
± MANAGEMENT ACTIONS	~
= GROSS ROI	12%
x RISK FACTOR	x1
= RISK-WEIGHTED ROI	12%
x GROSS INVESTMENT	5,200g
+ 12% GROSS ROI	52g
- INTEREST EXPENSE	~
- CONTRACT LABOUR EXPENSE	~
± OTHER ADJUSTMENTS	~
= NET RETURN ON INVESTMENT	52g

Note that the gross investment is 5,200 gold rather than 5,000 gold because the invention management action increased it by 4%. Adalbern pockets 52 gold pieces in profits after one month of operation – not too shabby.

Agnes can now update the Emblazoned Escutcheon's goodwill value. Using the current goodwill of 10% (starting goodwill for a new business) and the month's ROI of 12%, the revised goodwill is calculated as 10.1%.

At this point Agnes and her DM have the choice of moving on to the next month or spending some time building a narrative for the month's activity. The market conditions aren't unusual enough to be suggestive of any real drama, but



it might be interesting to consider what that invention action represents. Perhaps Adalbern spent those 25 days showing his newly-hired mercenaries some of the unorthodox techniques he learned as an adventurer, or perhaps the old warrior has a few tricks to make armour fit better. There are many possibilities, but whatever Agnes decides on should reasonably explain why her little mercenary company is just a bit more valuable now than it was at the beginning of the month.



## BUSINESS EXAMPLE 2: THE ORC'S FORK TAVERN AND FLOPHOUSE

Adventuring parties are known for frequenting establishments that more genteel company would avoid. The Orc's Fork Tavern and Flophouse is one such place. Despite its decrepit appearance and evil reputation, the place holds a certain fascination for the opportunistic sell-sword trio of Ruaidri, Colman, and Donnchad. When the prior owner offered to sell The Orc's Fork for 7,425 gold (6,750 gold investment value plus 10% goodwill premium),

the three split the cost and became joint proprietors.

The Fork, as it's commonly known, offers rooms for rent and a kitchen which serves hot meals and lukewarm ales from its location amidst the wharves of Luskan. The trio's players, Marcello, Kalila, and Asher, meet with their dungeon master to discuss the type and culture of the business. Offering rooms for rent signifies a service business, but serving meals and drinks is closer to resale or manufacturing. There is the option of splitting the concern up into two or more separate investments, but since all activity takes place in a single building, it makes more sense to keep it a single investment. The dungeon master decides the Fork is a mixed service/manufacturing/resale business, with an averaged risk factor of 3.

Since it's an existing business, the DM chooses its culture, which based on reputation he decides is cut-throat. The player characters could choose to change the culture, but for now cut-throat suits them so they leave it alone (taking a rather expansive view of what constitutes heroic role-playing). The gross investment is equal to the purchase value of 6,750 gold, which excludes the goodwill premium. Each of the three owners individually holds a 2,250-gold piece share of the total business.

Adventure calls, so the sell-swords leave the Fork in the hands of its staff and promptly leave town. At the end of the month, the players elect Kalila to roll for the business's activity.

Rolling for market environment, she gets 17 for economic (propitious, +3% ROI!), 9 for political (neutral), 7 for strife (unfavourable, -1% ROI), and 12 for competition (neutral). Since this business was already operating, the dungeon master could have ruled that existing market



conditions warranted adjustments to the market environment rolls but chose not to.

Kalila then rolls for random events and the result is a 6 – a random event has occurred. She rolls 2d6 and gets a 4: A malfunction has occurred. This is going to hurt the return on investment, unfortunately.

For the first month of operations, the return on investment looks like this:

RETURN ON INVESTMENT CALCULATOR	
BASE ROI	10%
± MARKET ENVIRONMENT	+2%
- ACCUMULATED MALFUNCTIONS	-5%
- ACCUMULATED CANCELLED CONTRACTS	~
± OTHER RANDOM EVENTS	~
± MANAGEMENT ACTIONS	~
= GROSS ROI	7%
x RISK FACTOR	x3
= RISK-WEIGHTED ROI	21%
x GROSS INVESTMENT	6,750g
+ 12 = GROSS ROI	118g, 1sp, 2cp
- INTEREST EXPENSE	~
- CONTRACT LABOUR EXPENSE	~
± OTHER ADJUSTMENTS	~
= NET RETURN ON INVESTMENT	118g, 1sp, 2cp

The business is profiting, and the owners would split the profit three ways (it won't divide evenly, but hopefully Ruaidri, Colman, and Donnchad can come to a friendly agreement on who keeps the extra few coppers). It's worth noting that the money doesn't magically appear in their purses – the business would hold on to

it until they make a trip back to town to pick up their earnings.

Goodwill can be recalculated using the 7% ROI:

$$([7\% - 10\%] \div 24) + 10\% = 9.9\%$$

With the malfunction, the owners are worried their new business is falling apart in their absence, so they make their way back to Luskan with enough time left to spend 12 days performing the maintenance management action before the end of the second month.

The DC for the Intelligence ability check is 18 (30 less the 12 days spent). Colman is the smartest of the three owners (or so he says), so he makes the ability check with assistance from Donnchad to give him advantage on the roll. With his Intelligence modifier of -2 ("smartest" is a relative term, after all), Colman's result is an 11. Unfortunately, this is bad enough that the result is a catastrophic failure and the business endures yet another malfunction.

For the second month's operations, Kalila makes the remaining rolls. She rolls 10 for the economic condition, with a +4 adjustment for the prior propitious state makes it a 14 (favourable, +1% ROI), 8 for political (unfavourable, -1% ROI), 6 for strife, with a -2 adjustment makes it a 4 (adverse, -3% ROI), and 11 for competition (neutral). The market environment is getting worse, particularly the strife condition.

Rolling for random events, Kalila gets another 6, then a 5 on her 2d6 roll to see which event occurs – yet another malfunction!

The second month's ROI calculation looks like this:

RETURN ON INVESTMENT CALCULATOR	
BASE ROI	10%
± MARKET ENVIRONMENT	-3%
- ACCUMULATED MALFUNCTIONS	-15%
- ACCUMULATED CANCELLED CONTRACTS	~
± OTHER RANDOM EVENTS	~
± MANAGEMENT ACTIONS	~
= GROSS ROI	-8%
x RISK FACTOR	x3
= RISK-WEIGHTED ROI	-24%
x GROSS INVESTMENT	6,750g
+12 = GROSS ROI	-135g
- INTEREST EXPENSE	~
- CONTRACT LABOUR EXPENSE	~
± OTHER ADJUSTMENTS	~
= NET RETURN ON INVESTMENT	-135g

Having already spent their prior month's earnings, the sell-swords decide to incur debt to cover this month's losses, hoping to pay it off with future profits. They note the 135-gold debt balance on their business sheet, but interest expense is calculated based on opening debt, not closing, so there is no interest expense this month.

Goodwill continues to drop with the second month's results:

$$([-8\% - 9.9\%] \div 24) + 9.9\% = 9.2\%$$

Not wanting to repeat last month's maintenance fiasco, the owners decide to bring in a contractor to help. They decide to hire a consultant with a cost of 2 gp/day for 20 days.

The maintenance action's ability check is made with the consultant's +2 modifier, with advantage, against a DC of 10. Marcello makes the roll, rolling a 14 with the modifier included. Not an outstanding success, but enough to remove the existing three malfunctions.

Marcello opts to continue the rolling in month three. For the market environment, he rolls 10 for economic (+2 adjustment makes it a 12 – neutral), 9 for political (-2 adjustment drops it to 7 – unfavourable, -1% ROI), 12 for strife (-4 adjustment makes it an 8 – unfavourable, -1% ROI) and 11 for competition (neutral). His roll for random events comes up a 2, no random event this month.

For the third month's ROI, the calculation looks like this:

RETURN ON INVESTMENT CALCULATOR	
BASE ROI	10%
± MARKET ENVIRONMENT	-2%
- ACCUMULATED MALFUNCTIONS	~
- ACCUMULATED CANCELLED CONTRACTS	~
± OTHER RANDOM EVENTS	~
± MANAGEMENT ACTIONS	~
= GROSS ROI	8%
x RISK FACTOR	x3
= RISK-WEIGHTED ROI	24%
x GROSS INVESTMENT	6,750g
+12 = GROSS ROI	135g
- INTEREST EXPENSE	2g, 2s, 5c
- CONTRACT LABOUR EXPENSE	40g
± OTHER ADJUSTMENTS	~
= NET RETURN ON INVESTMENT	92g, 7s, 5c

The 40-gold piece contractor cost ate into the profits, as did the interest expense on the debt balance, but at least the business is back to being profitable.

Goodwill doesn't improve, but the third month's ROI is high enough that it doesn't worsen either:

$$([8\% - 9.2\%] \div 24) + 9.2\% = 9.2\%$$

At this point, the trio decide that life as business owners isn't for them, and so they sell the Fork. (In other words, they divest the entire investment).

To calculate the sales value, they start with the gross investment of 6,750 gold pieces. From that they subtract debt of 135 gold. Lastly, they determine the goodwill adjustment:  $9.2\% \times 6,750$  gives a goodwill adjustment of 621 gold.

The total sales value is 7,236 gold pieces. Since the three are equal owners, each would pocket 2,412 gold from the proceeds of the sale.

Throughout the three months of business operations, more flavour could be added to the events if the players and their dungeon master wish. What specifically caused those malfunctions? Was it a faulty stove, a leaky roof, a cockroach infestation? The strife condition was also detrimental – was that due to calm weather keeping ships out to sea and their crews away from the Fork's tap house, or some other cause? These sorts of narrative additions aren't strictly necessary, but do use them if they're fun or if they lead to unexpected drama and adventure.



# BUSINESS SHEET

BUSINESS NAME

BUSINESS TYPE

LOCATION

RISK FACTOR

CULTURE

GROSS INVESTMENT

BUSINESS DESCRIPTION AND HISTORY

GOODWILL

OWNER

SHARE

OWNER

SHARE

OWNER

SHARE

OWNER

SHARE

## MARKET ENVIRONMENT

	CURRENT MONTH	PRIOR MONTH	ROI IMPACT
ECONOMIC			
POLITICAL			
STRIFE			
COMPETITION			

## RANDOM EVENTS

CURRENT MONTH

MALFUNCTIONS

CANCELLED CONTRACTS

## ROI IMPACT

## MANAGEMENT ACTIONS

## ROI IMPACT

DEBT

INTEREST EXPENSE

CONTRACT LABOUR EXPENSE

## RETURN ON INVESTMENT CALCULATOR

BASE ROI	10%
± MARKET ENVIRONMENT	
- ACCUMULATED MALFUNCTIONS	
- ACCUMULATED CANCELLED CONTRACTS	
± OTHER RANDOM EVENTS	
± MANAGEMENT ACTIONS	
= GROSS ROI	
X RISK FACTOR	
= RISK-WEIGHTED ROI	
X GROSS INVESTMENT	
+ 12 = GROSS ROI	
- INTEREST EXPENSE	
- CONTRACT LABOUR EXPENSE	
± OTHER ADJUSTMENTS	
= NET RETURN ON INVESTMENT	

NOTES:

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