

MENGER'S MANIFESTO

Professor Peter Klein's list of 10 Austrian Principles From Principles Of Economics.

Austrian Principle	Why It's Important	How It's Useful For Entrepreneurs
Humanism	Economics is not about numbers, aggregates, indexes and charts. It's about people and their choices and their hopes and dreams.	Entrepreneurs should always be focused on customers as people, aiming to understand them and their wants and needs, and how to help them feel better.
Individualism	To understand how people make choices, it's necessary to think of them as individuals, not averages or indexes or aggregations.	As services become a 1:1 transaction, and technology facilitates personalization and customization, the Austrian mindset of individualism helps entrepreneurs in thinking about how to fit into each individual life.
Means and Ends	Individuals select from scarce means which they believe will help them achieve their chosen ends.	Entrepreneurs can use means-ends analysis to hone their value proposition. Important to understand consumers' most important ends (often emotional and values-based) in order to make the offered means relevant.
Subjective Value	Value is in the mind of the individual consumer – it's a human perception affected by emotion, attitude and context.	Entrepreneurs recognize that value is not created by them – they can only facilitate. A value proposition is an invitation to the consumer to determine whether the entrepreneur's offering generates a valued experience.
Consumer Sovereignty	Since consumers determine value, and decide whether to buy or not buy, they determine which businesses are successful and which are not.	Continuous response to consumer preferences, and flexible reallocation of capital and resources as these preferences change, is required.
Uncertainty	The future can not be known or predicted, since consumers' choices between competing offers are unknown in advance.	Entrepreneurs are required to imagine a possible future, and direct their resources to bringing it about, despite the uncertainty. They exercise judgment, which is by definition imperfect. They bear the burden of uncertainty.
Deductive Method	True premises develop a true and valid conclusion. Understanding principles that are true enables economists to analyze specific situations to understand cause and effect.	Entrepreneurs should strive to start from true premises in developing their analysis of opportunities. Call it intuition. They can combine their deductive thinking with empirical data from the market, testing, research and sales results. Being deductive is not the opposite of being empirical.
The Logic of Cause and Effect.	All things are subject to the law of cause and effect.	Understanding cause-and-effect linkages in consumers' ecosystem of economic ecosystem choice – complex and infinitely varied – is an ultimate goal of the entrepreneur.
The Role of Time in Production.	Production takes time. Capital is committed at the beginning of the process, in advance of consumption and receipt of revenue from sales.	Once entrepreneurs commit resources to the production process, they must recognize that the pattern of consumers' preferences has already started to change and they must be able to adjust. Dynamic flexibility in capital allocation is required.
The Division of The Production Chain Into Higher and Lower Orders.	From raw materials to machine tools to final consumer goods, the value at every point in the chain is determined by the consumer's willingness to pay. When market trends change, adjustments must be made throughout the chain.	B2B entrepreneurs, just as much as B2C entrepreneurs, must stay highly informed about and responsive to change in consumer preference. B2B entrepreneurs can help their customers by monitoring trends and helping to make adjustments.