

"ComCom" is an abbreviation for "**Common Company**", which name is referring to the structure of *common ownership* of such company.

A *ComCom* is neither a traditional company owned by some well heeled shareholders, nor is it a collective owned by the staff. For a *ComCom*, these two aspects are combined to create something new, something third.

The theoretical definition of a *ComCom* consists of 6 points. And for any *ComCom*, at any given time, the following equation (which will be explained in Point 5 exhaustively) has to be true:

$$t * d = v * c$$

Point 1:

For a company to be a *ComCom*, its shares are split into two categories:

1. "**Private Shares**" - very normal shares;
2. "**Common Shares**" - special shares, which exist only in *ComComs*.

In fact, the *Common Shares* are normal shares, too. Special about them are just the rules of distribution. *Common Shares* of a *ComCom* are distributed in so-called '**Packs**'. More in Point 4.

Point 2:

A special feature and central part of the concept of *ComComs* is the so-called "**Decentralizing Property**", shortly "**d**".

d expresses the proportion between the amount of *Common Shares* and the total amount of shares of the company. Thus **d** determines the ratio of *Common Shares* in the company, which may be defined individually for each new *ComCom*.

d = 0 means **0% Common Shares** and **d = 1** means **100% Common Shares**.

To match the definition of a *ComCom*, **d** has to be bigger than Zero (e.g. 0.5), and of course **d** can never be bigger than One, because obviously there can't be more than 100% of shares.

*In any ComCom, **d** must be bigger than Zero and smaller or equal One: $0 < d \leq 1$*

The **d** of a *ComCom* doesn't have to be set directly at the foundation of the company. An existing company thereby might be transformed into a *ComCom* by assigning and implementing a **d** bigger than Zero (**d > 0**). Once determined though, the **d** is fixed for the whole lifetime of the company.

*If a company is or is not considered a ComCom, in essence depends on its **d**.*

Point 3:

Each shareholder of a *ComCom* is either

- a "Private Shareholder" or
- a "Common Shareholder".

Each shareholder can always be only one of both, either Private Shareholder or Common Shareholder, but never both together in the same company.

Point 4:

All Common Shares of a *ComCom* are equally spread between all Common Shareholders of that *ComCom*. All Common Shareholders thus own exactly the same amount of Common Shares. That's the core of the whole concept!

The number of Common Shares owned by (each) one Common Shareholder amounts to a **Pack** of Common Shares. The respective number of Common Shares, of which such a *Pack* consists, changes in accordance with the respective current number of Common Shareholders taking part in a given *ComCom*.

*By definition, each Common Shareholder owns precisely
1 Pack of Common Shares – never more and never less.*

Only natural persons (that is: humans) or other *ComComs* can be Common Shareholders in a *ComCom*. A purely private company can never become a Common Shareholder in a *ComCom*.

A private company can invest only in the Private Shares of a *ComCom*, thus can become a Private Shareholder only. And although a private company can not become a Common Shareholder in a *ComCom*, nevertheless and very well a *ComCom* can become a Private Shareholder in a *ComCom* or a shareholder in a private company.

By this asymmetric distribution of property we want to establish and foster the decentralizing qualities of the market. This is the main intention behind the idea of the ComComs.

Point 5:

Now it gets a little mathematical. Don't worry too much, only at the first glance it looks a bit complicated. Let go of your fear, and with a little concentration it is really easy to grasp. ;)

Here we come to the equation, which had been mentioned in the very beginning:

$$t * d = v * c$$

By this equation we calculate the (projected) value of the company and its shares.

Besides other market based factors, this value depends on the number of Common Shareholders taking part in the given *ComCom*.

Lets go step by step and just begin with the left side of the equation:

1. "**t**" (as in "**total**") is the projected **Total Value** of the company, that is the total value of *all* shares of the company, the *Private* as well as the *Common* ones. We express **t** in \$ - even as it pretty much seems that the \$ makes itself history... ;)

2. "**d**" you know already from Point 2, the **Decentralizing Property**. Bigger than 0 and smaller than or equal to 1, **d** defines the proportion of the number of *Common Shares* to the number of *all* shares of the given *ComCom*.

Because all shares, *Private* and *Common*, own the same value, the **d** defines as well the proportion of the *value* of all *Common Shares* of the company in relation to its *Total Value*.

==> Thus $t * d$ results in the value of all Common Shares of a *ComCom*.

Example:

If all shares of the company together (**t**) would represent a value of \$100 000 and the company had a $d = 0.75$, then that would result in a total *common value* of $t * d = \$100\ 000 \text{ Total Value} * 0.75 = \$75\ 000$ in *Common Shares*.

*So here we disenchant the left side of the equation ($t * d$). Let's go ahead:*

3. "**v**" (as in "**value**") is the **Value** of one *Pack* of *Common Shares*, that is the value of all *Common Shares* owned by (each) one *Common Shareholder*. We'll express **v**, like **t**, in \$.

4. "**c**" (as in "**count**") is the **Count** of *Common Shareholders* of the *ComCom* and accordingly, in a one-to-one relation, "**c**" is the count of *Packs* as well.

v represents the value of a *Pack* of *Common Shares* and **c** represents the count of *Common Shareholders*, and of the *Packs*.

==> $v * c$ thus as well results in the value of all Common Shares of the company.

Example:

If 100 *Common Shareholders* were participating with the company ($c = 100$) and the value **v** of each *Pack* would amount to \$750, then the total of the value of all *Common Shares* would be $v * c = \$750 * 100 = \$75\ 000$.

*So here we're done with the right side of the equation ($v * c$) as well.*

If now indeed always

$$t * d = v * c$$

then by this equation, and on the basis of the *Total Value* **t** of the company, the value, respectively the price, of a *Pack* of *Common Shares* **v** is calculated: $v = (t * d) / c$.

With the same equation, and based on the value **v** of a *Pack* of shares, as well the *Total Value* **t** of the company can be calculated resp. manipulated: $t = (v * c) / d$.

The number of *Common Shareholders* **c** is assumed to be known here, and by definition, the **d** of any *ComCom* remains constant for the whole lifetime of the company.

Now we will add a few more pieces to this core of the mathematical foundation of the concept of *ComCom*. Don't worry, nothing heavy anymore. :) If the above equation can be evaluated as "true", then also the following three little equations will turn out to be "true" for the given *ComCom*. For this, we'll see three more variables, but they're harmless (just wanna play... :))

5. "**i**" (as in "**index**") is the **Total Amount** of all shares of the company, that is Private Shares and Common Shares.

6. "**n**" (as in "**number**") is the **Number** of Common Shares, which constitutes a *Pack*, or, in other words, which is owned by any one of the Common Shareholders.

7. "**s**" (as in "**share**") is the projected **Value** of any and each single share of the company, again that is Private Shares and Common Shares, and again expressed in \$ here.

To simplify explanation, in some way we can see **i** as equivalent to **t** and **n** as equivalent to **v**.

i represents the Total Amount of all shares, as **t** represents the Total Value of all shares.

n represents the Number of all Common Shares constituting a *Pack*, as **v** represents the Value of such number of shares, that is the value of a *Pack*.

You remember, we were calculating **v** as follows: $v = (t * d) / c$

Expressed in numbers, as in the above example:

$v = (\$100\ 000 \text{ Total Value} * 0.75) / 100 \text{ Packs}$
 $v = \mathbf{\$75\ 000}$ value of all Common Shares / **100** Packs
 $v = \$750$ per *Pack*

So now we will calculate **n** in the same way: $n = (i * d) / c$

Example:

To continue the same example, lets just assume, the company had given out a total amount of **10 000** shares. Then we had **i = 10 000** and the calculation would look as follows:

$n = (10\ 000 \text{ shares} * 0.75) / 100 \text{ Packs}$
 $n = \mathbf{7500}$ Common Shares / **100** Packs
 $n = 75$ Common Shares per *Packs*

Thus each Pack of this ComCom would consist of 75 Common Shares, which means that each Common Shareholder of the said ComCom would own 75 Common Shares.

We can now as well calculate the value **v** of a *Pack* by multiplying the number of Common Shares of a *Pack* **n** with the value **s** of each share: $v = n * s$.

Example:

Since the value of each Common Share in our example is obviously **\$10**, the calculation is very simple:

$$\begin{aligned} v &= n * s \\ v &= 75 \text{ Common Shares} * \$10 \\ v &= \mathbf{\$750} \text{ per Pack} \end{aligned}$$

This result matches precisely with our previous result above, as we happily recognize. :) Now just left to formalize, what was stated intuitively, which is the calculation of the value of *one* share **s** based on the Total Value **t** and the Total Amount **i** of *all* shares of our assumed *ComCom*, and obviously that is **s = t / i**.

Example:

$$\begin{aligned} s &= t / i \\ s &= \$100\,000 \text{ Total Value} / 10\,000 \text{ shares} \\ s &= \mathbf{\$10} \text{ value per share} \end{aligned}$$

isn't math just beautiful... :)

Point 6:

Since there is no legal or other formally obligating foundation (yet) for the model of the *ComCom*, the model is based on a **Primary Agreement**, which, for founding a **Common Company**, is to be concluded by all its (also potential) shareholders.

This agreement contains the stipulation, that each Common Shareholder will always own **n** Common Shares, that is *1 Pack*, and as we clarified in Point 5, **n = (i * d) / c**.

Whenever one or more Common Shareholders will enter or depart the company, the count **c** of Common Shareholders will be adjusted accordingly, and the **n** will be re-calculated. If and when the number of Common Shareholders increases, where the total amount of Common Shares stays the same, naturally the portion of each Common Shareholder decreases.

Example:

If we assume, that **5** new Common Shareholders will join the company, then we would first modify **c**, so that **c = c + 5 = 100 + 5 = 105**.

The company would now have 105, instead of the former 100, Common Shareholders and the (7500) Common Shares be re-arranged into 105, instead of the former 100, Packs.

Next we would re-calculate **n**, the number of Common Shares per *Pack*, so that:

$$\begin{aligned} n &= (i * d) / c \\ n &= 7500 \text{ Common Shares} / 105 \text{ Packs} \\ n &= 71,42 \text{ Common Shares per Pack} \end{aligned}$$

(formerly:)

$n = 7500$ Common Shares / 100 Packs
 $n = 75$ Common Shares per Pack

*Each Common Shareholder would now own, and each Pack consist of,
71 instead of the former **75** Common Shares.*

Still, we do not expect that this reduction of the number of Common Shares at a new entry will cause a loss of value for the single Common Shareholders. To the contrary, a new entry shall result in an enhancement in value for the company. This assumption, which we will explore below more, is reflected in the mathematical concept of the *ComComs*.

When we come back to the equation introduced in Point 5, $t * d = v * c$, or $t = (v * c) / d$, we notice, that a change of the Count c of Common Shareholders results in a change of the Total Value t of the company.

Example:

$t = (v * c) / d$
 $t = (\$750 * 105 \text{ Common Shareholders}) / 0.75$
 $t = \$78\ 750 \text{ Total Common Value} / 0.75 = \$105\ 000 \text{ Total Value}$

(formerly:)

$t = (\$750 * 100 \text{ Common Shareholders}) / 0.75$
 $t = \$75\ 000 \text{ Total Common Value} / 0.75 = \$100\ 000 \text{ Total Value}$

*By the entry of **5** new Common Shareholders, the company's value got enhanced by **\$5000**.*

This enhancement in value also affects the value s of the company's shares, since $s = t / i$.

Example:

$s = t / i$
 $s = \$105\ 000 \text{ Total Value} / 10\ 000 \text{ Shares} = \10.5 per share

(formerly:)

$s = \$100\ 000 \text{ Total Value} / 10\ 000 \text{ Shares} = \10 per share

*So the value of each share of the company had been raised from **\$10.00** to **\$10.50**.*

If now we take a look again on the value v of a *Pack* of Common Shares, we recognize, that this value v remained unchanged, so that the 'old' Common Shareholders had not suffered a loss by the entry of a new Common Shareholder.

Example:

$v = (t * d) / c$
 $v = (\$105\ 000 \text{ Total Value} * 0.75) / 105 \text{ Packs}$
 $v = \$78\ 750 \text{ Total Common Value} / 105 \text{ Packs}$
 $v = \$750 \text{ per Pack}$

(formerly:)

$$v = (\$100\,000 \text{ Total Value} * 0.75) / 100 \text{ Packs}$$

$$v = \$75\,000 \text{ Total Common Value} / 100 \text{ Packs}$$

$$v = \mathbf{\$750} \text{ per Pack}$$

For Private Shareholders, the enhancement in value of their shares means a direct accretion of wealth. Contrary to the Common Shareholders, said enhancement is not compensated by a reduction of their *Pack* of shares, because they do not own *Packs*, but Private Shares, which distribution remains unchanged due to new entries. Only their value is enhanced as well.

The Primary Agreement also includes the stipulation to sell shares only under consideration of this very agreement, and especially only to such people, which accept this Primary Agreement as part of their contract.

Now, how this (projected) enhancement in value is justified?

For one, by the actual material increase of the company's capital in the amount of value v , which each newly joining Common Shareholder adds to the company through the acquisition of her *Pack* of shares. In our example, that makes up an amount of $5 * \$750 = \3750 , which is 75% of the projected \$5000 enhancement in value.

But as well it is based on the assumption, that with an increased number of Common Shareholders, the actual productivity of the company will upswing, because these Common Shareholders will have a natural interest to bring *their* company forward, as they firstly had invested in it and secondly will benefit from its potential profits.

That will be especially valid, as Common Shareholders themselves can and shall be producers as well as customers of their own company, and as such indeed are in a position where they are able to directly affect the productivity of the company. (★)

Mathematical appendix:

Most of which being a repetition of the things already said, on a view:

The Variables:

d -> Decentralization property

c -> Count of Common Shareholders, Count of *Packs*

t -> Total Value of the *ComCom*

i -> Total Amount of shares

v -> Value of (all shares of) one *Pack*

n -> Number of shares of one *Pack*

s -> Value of each share

The Formulas:

The basic formula is: $t * d = v * c$

converted to calculate the Total Value of a *ComCom*: $t = (v * c) / d$

converted to calculate the value/price of a *Pack*: $v = (t * d) / c$

Formula to calculate the number of shares of a *Pack*: $n = (i * d) / c$

Additional formula to calculate the value of a *Pack*: $v = n * s$

To calculate the value of one share, Common as well as Private ones: $s = t / i$

Example:

$$\$100\ 000\ \text{Total Value} * 0.75 = \$750\ \text{Pack value} * 100\ \text{Packs}$$

$$t = (\$750\ \text{Pack value} * 100\ \text{Packs}) / 0.75 = \$100\ 000\ \text{Total Value}$$

$$v = (\$100\ 000\ \text{Total Value} * 0.75) / 100\ \text{Packs} = \$750\ \text{Pack Value}$$

$$n = (10\ 000\ \text{Total Shares} * 0.75) / 100\ \text{Packs} = 75\ \text{Pack Shares}$$

$$v = 75\ \text{Pack Shares} * \$10\ \text{Share Value} = \$750\ \text{Pack Value}$$

$$s = \$100\ 000\ \text{Total Value} / 10\ 000\ \text{Total Shares} = \$10\ \text{Share Value}$$

Entry of 5 new Common Shareholders, Example:

$$c = c + 5 ; c = 100 + 5 ; c = 105\ \text{Packs}$$

$$n = (10\ 000\ \text{Total Shares} * 0.75) / 105\ \text{Packs} = 71\ \text{Pack Shares}$$

$$t = (\$750\ \text{Pack Value} * 105\ \text{Packs}) / 0.75 = \$105\ 000\ \text{Total Value}$$

$$s = \$105\ 000\ \text{Total Value} / 10\ 000\ \text{Total Shares} = \$10.5\ \text{Share Value}$$

For completion, we present here the original, and reduced to the most efficient, way to re-calculate the variables for entry or departure of Common Shareholders, which finally leads to the same result as the procedure described above:

Change of 5 Common Shareholders:

Entry resp. Departure

$$n = n * (c / (c + 5)) \quad \text{resp.} \quad n = n * (c / (c - 5))$$

$$s = s * ((c + 5) / c) \quad \text{resp.} \quad s = s * ((c - 5) / c)$$

$$c = c + 5 \quad \text{resp.} \quad c = c - 5$$

$$t = s * i$$

Another formula to calculate the (projected) value, resp. the price, of one share of the company:

$$s = (v * c) / (d * i)$$

The Value **v** of *all* Common Shares of *one* Common Shareholder, multiplied with the Count **c** of *all* Common Shareholders, that is **v * c**, results in the total Value of all Common Shares.

The Decentralizing-Property **d**, multiplied with the amount **i** of all shares, that is **d * i**, results in the total Amount of all Common Shares.

The total Value of all Common Shares, that is **v * c**, divided by the total Amount of all Common Shares, that is **d * i**, results then in the value of one Common Share.

Since the *Common Shares* own the same value as the *Private Shares*, this value is the Value s of each share.

$$s = (v * c) / (d * i)$$

Value of all Common Shares / Amount of all Common Shares
Value of one Common Share, *thus* value **s** of any one share

ComCom Dictionary:

ComCom - Common Company; a new business model

Common Share/s ----- especiality of the *ComCom*

Private Share/s ----- shares available for investors

Common Shareholder --- shareholder in *ComCom*, which owns

an equal amount of the Common Shares

as any other Common Shareholder of this *ComCom*

Private Shareholder - shareholder in *ComCom*, which owns a freely chosen

amount of the Private Shares of the *ComCom*

Pack - amount of Common Shares owned by (each) one Common Shareholder

d - Dezentralizing Property;

proportion of the amount of Common Shares

in relation to the total amount of shares of the *ComCom*

t - total; Total Value of all shares of the *ComCom* (here in \$)

i - index; Total Amount of all shares of the *ComCom*

c - count; Count of Common Shareholders participating in the *ComCom*

v - value; Value of (all Common Shares of) one *Pack* (here in \$)

n - number; Number of all Common Shares of one *Pack*

s - share; value, resp. price of one share of the given *ComCom* (here in \$)

Primary Agreement of all shareholders for founding a *ComCom*

(*)

This is no dead property. This property is like a house, in which you live. You're not only owning it for renting it and letting others to live in it, others to manage it, not having to do with it a lot yourself, except of earning, if the luck is good, or paying, if the luck is bad, and if luck and management get really bad, at some point it may go to the auction... then, on the other hand, in some house you are living yourself, but there in return you'd have no right for decisionmaking, no opportunity for influencing, because you're not owning it – if you're lucky, the heater works, but it can happen as well, that the walls are getting mold, because your landlord does not care about anything...

No, a *Pack* of shares of a *ComCom*, of which customer you are, and/or to which creation of value you contribute in one way or the other, this property is like a house, in which you live *and* which you own, together with others, which also live there, which come to visit, plant the garden, make a party in the basement every now and then... And you can decide yourselves, when to renovate or to repair the roof, which vegetables to grow in the garden (and if some at all), if you need handrails in the staircase and where you'd like new openings or put up new walls. And then you gonna build it. And if you need a joiner, maybe there is one which can make use of a house as well, then she'll jump in – and brings with her the carpenter, which know to do roofs and had just happened to look for a room anyway, for the NA meetings Wednesday night...
