The long-run profitability of the enterprise hinges on the solution of two problems of management of corporate capital: (1) sourcing (acquisition) of capital funds and (2) rationing (investment) of that capital. They should be quite separate. Investment proposals should compete for corporate funds on the basis of financial merit (the productivity of capital), independent of the source or cost of funds for that particular project. Investable funds of the corporation should be treated as a common pool, not compartmented puddles. Similarly, the problem of acquiring capital should be solved independent of its rationing and also on the basis of merit (the comparative costs and risks of alternative patterns of sourcing).—Joel Dean[1]