

Biblical financial principles

A survey of Scripture

I. Introduction

II. A survey of Biblical teaching on money and wealth

III. 10 Biblical principles about money and wealth

1. God owns everything and we are His stewards
2. Worship and trust God rather than money
3. Beware of the love of money
4. God cares how we manage our money
5. Honor God by faithfully giving of our income
6. Develop a lifestyle which creates margin and save
7. Cultivate a generous heart and live sacrificially
8. Care for the poor, the weak, the oppressed, and the needy
9. Use wealth to glorify God and build treasure in heaven
10. Pursue the true riches rather than material wealth

IV. Money and your family

V. Money and the Church

VI. Money and business

VII. Money and Society

VI. Money and business: this module examines scriptural teaching about money as it relates to business and commerce. After establishing general biblical principles pertaining to businesses, we'll consider some practical applications for both employers and employees.

VI. Money and business
From a biblical perspective

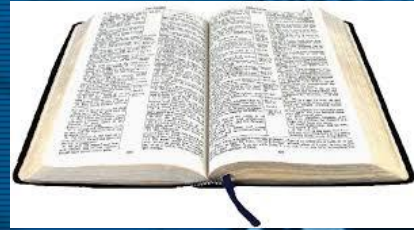


VI. Money and business: let's consider this subject from a biblical perspective

Money and business

Outline

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



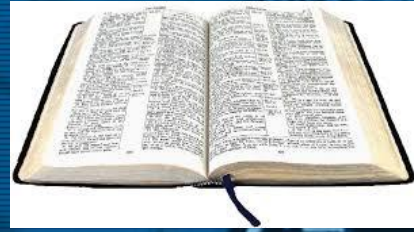
Outline: This module is divided into five segments:

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Employees
- Micro-enterprises

Money and business

Outline

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- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



Money and business: outline

Let's begin by looking into the Word of God for insight about the realm of business

Biblical teaching about business

1. Do all to the glory of God

So whether you eat or drink or whatever you do, do it all for the glory of God. 1 Cor 10:31

2. Search the Scriptures for wisdom

The beginning of wisdom is this: Get wisdom. Though it cost all you have, get understanding.

3. Make your business a matter of prayer; enlist the prayer support of others

Brothers, pray for us. 1 Thessalonians 5:25 (NIV)

4. Seek counsel from godly businessmen

Get all the advice you can and be wise the rest of your life.

Proverbs 19:20 (TLB)

A. Biblical philosophy of business: There are some principles in the Bible that can be applied to the area of commerce. We will examine some of them, and begin to construct a biblical philosophy of business. It will not be comprehensive by any means. However, the Scriptures do inform us on many aspects of business in general and as it relates to finances in particular.

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3. Make your business a matter of prayer; enlist the prayer support of others: "Brothers, pray for us." 1 Thessalonians 5:25 (NIV)
4. Seek counsel from godly businessmen: "Get all the advice you can and be wise the rest of your life." Proverbs 19:20 (TLB)

As with every endeavor in life, we want to do all to the glory of God, seeking his will through Bible study, prayer, and the counsel of godly people. It is the same with running a business. The Christian businessman seeks to ultimately please God with his enterprise. He depends entirely upon God for his success. Let's

consider James 4:13-16.



Biblical teaching about business (cont'd)

5. Work hard

Diligent hands will rule, but laziness ends in slave labor. Proverbs 12:24 (NIV)

6. Depend entirely upon the Lord for success

Now listen, you who say, "Today or tomorrow we will go to this or that city, spend a year there, carry on business and make money." Why, you do not even know what will happen tomorrow. What is your life? You are a mist that appears for a little while and then vanishes. Instead, you ought to say, "If it is the Lord's will, we will live and do this or that." As it is, you boast and brag. All such boasting is evil. Anyone, then, who knows the good he ought to do and doesn't do it, sins. James 4:13 – 16

A. Biblical teaching about business (cont'd): Here are some principles 5 and 6.

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Biblical teaching about business (cont'd)

6. Develop a business plan, asking God for wisdom

By wisdom a house is built, and by understanding it is established Proverbs 24:3 (ESV)

7. Create a product or service which meets the needs of others.

What is the distinctive competence or competitive advantage?

8. Conduct your business with the utmost honesty and integrity

The LORD detests lying lips, but he delights in men who are truthful. Proverbs 12:22 (NIV)>

A. Biblical teaching about business (cont'd): Here are some principles 6-8

6. Develop a business plan, asking God for wisdom:

“By wisdom a house is built, and by understanding it is established Proverbs 24:3 (ESV)

If we want to start a business, we should ask God for wisdom. As we seek his will, and begin to formulate ideas, it is good to develop a business plan. A business plan is a written document that describes what our business is, how it will function, and a forecast of its future. There are many helpful resources that address a business plan and the entrepreneur is encouraged to do the proper research before launching his business. It is not the purpose of this class to go into great detail regarding business plans. However, we will deal with some of its component principles, especially those that are found in Scripture.

7. Create a product or service which meets the needs of others: What is the distinctive competence or competitive advantage?

I believe an important element of a business plan is understanding what contribution we are making to the marketplace. When I was with Hewlett Packard, I learned that for a product to be successful, it should provide some distinct advantage in meeting the needs of others. This gives that product a competitive edge and may result in either increased market share if the business offers the new product at the same price as other similar products, or higher profits by pricing the product commensurate with its greater value in the marketplace. Similarly, if we intend to provide a service, we should have some distinctive competence that sets us apart from other service providers to the market.

If on the other hand, a business offers a product or service that is essentially the same as other suppliers or providers, it must work harder for the product's success. The businessman must either be more efficient in the way he runs his company to be able to offer a lower price than his competitors, spend a great deal in the marketing and advertising of that product, and/or provide minor advantages that would encourage potential customers to buy his product instead of the others. There are undoubtedly other ways that a company who provides a “me-to” product can be successful, but it is beyond the scope of this seminar to fully delve into them.

A Christian business should be driven by social values not unlike the way we relate to one another. This includes operating the enterprise with the utmost honesty and integrity. Customers should be treated fairly; courteously, and professionally; and government regulations observed; employees treated with respect; and all taxes owed should be paid promptly.



Biblical teaching about business (cont'd)

9. Treat customers fairly, courteously, and professionally

And as you wish that others would do to you, do so to them.

Luke 6:31 (ESV)

10. Regard your employees highly and empower them

Do nothing from selfishness or empty conceit [through factional motives, or strife], but with [an attitude of] humility [being neither arrogant nor self-righteous], regard others as more important than yourselves. Phil 2:3 (AMP)

11. Pay your bills, debts and your taxes

Pay everyone what you owe him: taxes to whom taxes are due, revenue to whom revenue is due, respect to whom respect is due, honor to whom honor is due. Be indebted to no one, except to one another in love. For he who loves his neighbor has fulfilled the law. Rom 13:7-8

Biblical teaching about business (cont'd)

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Biblical teaching about business (cont'd)

12. Diligently keep abreast of the facts:

Be sure you know the condition of your flocks, give careful attention to your herds; for riches do not endure forever, and a crown is not secure for all generations. When the hay is removed and new growth appears and the grass from the hills is gathered in, the lambs will provide you with clothing, and the goats with the price of a field. You will have plenty of goats' milk to feed you and your family and to nourish your servant girls. Proverbs 27:23 - 27

Take the time to

- Understand your product, market, competition
- Know the financials
- Care about your employees. Find capable, reliable people to join you as you grow
- Understand relevant social, economic, government regulations, and other factors>

A biblical philosophy of business (cont'd): We see from the book of Proverbs that Solomon urged a businessman to keep abreast of the facts. Let's read Proverbs 27:23-27.

Market conditions, government regulations, and consumer preferences can change rapidly. The successful Christian businessman must learn to be aware of the facts, creative, and agile. He must understand his market, competition and his finances along with a myriad of social, economic, government, and other factors. We will consider financial aspects a little later.

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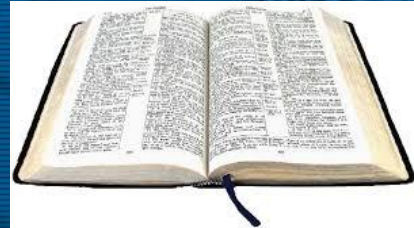
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Money and Business - outline: Let's consider some fundamental principles of business

A critical element of business success

Profit



Let's briefly talk about a critical element of business success: let's now examine in more detail perhaps the most critical element of a private enterprise's financial success: profit. Let's consider the justification for profit from two points of view: 1) a common sense perspective and 2) a Biblical perspective.

The Biblical basis for profit

Not explicitly advocated, but implicitly endorsed

- **Calling ten of his servants, he gave them ten minas, and said to them, ‘Engage in business until I come... “Lord, your mina has made ten minas more,” the nobleman responds, “Well done, good servant! Because you have been faithful in a very little, you shall have authority over ten cities”** Luke 19:13, 17 (ESV)
- **You shall remember the LORD your God, for it is he who gives you power to get wealth, that he may confirm his covenant that he swore to your fathers, as it is this day.** Deuteronomy 8:18 (ESV)
- **You shall not lend him your money at interest, nor give him your food for profit.** Leviticus 25:37 (ESV)
- **Come now, you who say, “Today or tomorrow we will go into such and such a town and spend a year there and trade and make a profit”** James 4:13 (ESV)

The biblical basis for profit: although the Bible does not seem to address business profitability explicitly, there are many scriptures which imply that it is both honorable and necessary. Thus, besides common-sense understanding, it can be argued from Scripture that profitability is a legitimate goal a business. And indeed, it may be the number one goal of private enterprise.. Let’s read Luke 19:13, 17; Deuteronomy 8:18; Leviticus 25:37; and James 4:13.

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Our premise: The primary financial goal of a business is to make a profit

Some characteristics of profits

- Measure of the health of the company
- Indicates that their customers are receiving good value
- Reward for the risks taken by the entrepreneur/investors
- Necessary for growth and diversification
- The taxes paid from profits pay for the government to provide services to the public
- Reinvested profits expand the economy
- Rising profits encourage competition, which in turn benefits customers by driving prices down
- Meager or non-existence profits can lead to business failure >

Our premise: The primary financial goal of a business is to make a profit: What is the basis for this assertion? Profits are one of the indicators of business health. If a business is profitable, it's an indication that the customer is receiving a good value and that the company is being run efficiently. From a merit point of view, profit is the reward for the financial risks taken by the business owner or investor. He risks capital (including his own) with the hope that it will grow or produce a return. Thus, profitability is the primary engine for company growth and success.

A business grows by reinvesting its profits. When I worked for Hewlett Packard company, they reinvested a significant portion of their profits. But they also returned some of their profits to their employees, which was called "profit-sharing". I think this is a good model for an entrepreneur to follow.

In addition to sharing their success with their employees, Christian businessmen should be encouraged to use some of their profits to build the kingdom of God. They might consider giving a portion of their increase to the Lord's work just as an individual would. I believe this is a scriptural concept that we find throughout the Bible. God's people were encouraged to give the first-fruits of their businesses--"crops and flocks"--back to him. I believe this principle applies to all Christian enterprises. I know of a man, Dr. R. G. LeTourneau, founder of LeTourneau University, who was said to have given, during a period in his life, 90% of his income to the Lord's work. What a wonderful blessing to have reached a point in life where one's business is almost completely dedicated to providing resources for God's work.

Profits are necessary not only for the company to grow and diversify, but growing companies expand the economy in both the private (through economic growth) and public (from taxes paid to the government) sectors. Taxes paid by successful companies contribute to the public welfare.

The amount of profit a company makes is important. Let's consider this topic in more detail.

Profit is a common-sense principle

It's a matter of survival in a competitive world

- **Suppose a business starts with \$100 in capital. Further suppose that it spends \$100 to manufacture a product, pay its workers and salesmen, and keep its light on.**
 - ◆ If it sells the product for \$50, it either needs a new infusion of capital to build another unit, or it will go out of business
 - ◆ If it sells the product for \$100, the business can stay open long enough to build another unit, but won't grow and is vulnerable to competitors
 - ◆ If it sells the product for \$200, it can build another unit and one additional one, resulting in company growth

It should be clear that a profit is necessary for survival and growth >

Profit as a common-sense principle: that profit is necessary for a business is a common-sense principle. A simplistic examples serve to illustrate this point. Suppose a business starts with \$100 in capital. Further suppose that it manufactures a product, spending the entire \$100 to purchase the necessary parts, pay its designers, workers and salesmen, and keep its light on. Now consider three cases:

- If it sells the product for \$50, it either needs a new infusion of capital to build another unit, or it will go out of business
- If it sells the product for \$100, the business can stay open long enough to build another unit, but won't grow
- If it sells the product for \$200, it can build another unit and one additional one, resulting in company growth

It's clear from this simple example that a company who sells a product for less than the cost to make it cannot survive. It doesn't have the capital to produce even one more unit. And there will be no investor who will continue to pour money into the company without a positive return of his capital plus interest.

A company who just breaks even by selling the product for what it had in it may survive for a while but will not grow. A break-even company is one whose contribution to the marketplace will be limited, it will not be able to diversify or make product innovations and will become vulnerable to healthy competitors. It won't have any extra funds to deal with a variety of unforeseen issues, such as manufacturing defects and customer complaints.

It should be clear that the only viable option for a company to thrive is to earn a profit on what it provides to the marketplace. This results in company growth, product innovation, and the ability to deal with a variety of issues



Profit 101

- Profit is the money left over from the proceeds of the sale of your product or service after deducting all costs associated with providing that product or service.
- Profit = Sales proceeds – all costs
- Profits are necessary for the survival and growth of the business

Profit 101

Profit is the money left over from the sale of your product or service after all costs associated with providing that product or service are deducted.

Profit = Sales proceeds – costs

Profits are necessary for the survival and growth of the business

Uses of profit

- There are several ways you can use profits
- Consider 10% of your profits as belonging to God
- Reinvest the 90% in your business if you want to see maximum growth of your business
- or
- Divert some of the remaining 90% but you may experience lower growth of your business
 - ◆ Provide for your living expenses, future needs, or emergencies
 - ◆ Raise your standard of living
 - ◆ Set aside money for education, retirement, or major giving
 - ◆ Contribute to your Blessings Fund
 - ◆ Make a loan to help someone else start a business

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• What does it cost you to provide the service or make the product?

• **Components of costs**

- ◆ **Cost of goods sold**
 - Value of your time
 - Hired labor
 - Materials
 - Overhead (rent, utilities, internet)
 - Equipment (amortized)
 - Packaging, shipping and delivery
- ◆ **Loan repayments**
- ◆ **Taxes**

Costs. What does it cost you to provide the service or make the product?

Components of costs

Cost of goods sold

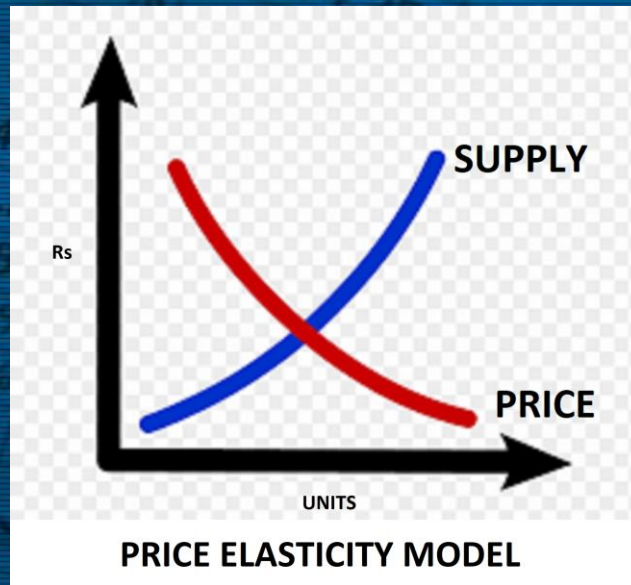
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Loan payments

Taxes

What determines the price you get?

The law of supply and demand



What determines the price you get? The law of supply and demand

When the availability of something people want is scarce, it causes a bidding war. People who want it badly enough will offer more money than others. Therefore, the price increases. This process continues until the number of people willing to pay a certain price for a product equals the number of products available. This produces an equilibrium and a stable market.

What determines the price you get?

The law of supply and demand

- How badly do your customers need your product?
- What alternatives do they have?
- How much do your competitors charge?
- What distinguishes your product from the rest?
- How could you increase the desire for your product?
 - ◆ Innovation
 - ◆ Marketing
- If you sell for a little less (making less profit), would you more than make up for it in greater volume?
- Could you decrease your costs through technology, outsourcing, or automation?>

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How profits are regulated

Free enterprise vs government regulation

- **In a free economy: the law of supply and demand**
 - ◆ Product inventions that make a major contribution can bring high profits
 - ◆ High profits result from low manufacturing costs or customers paying high prices, resulting in temporary market disequilibrium and encouraging competition
 - ◆ When there is robust competition, products are improved and prices (and profits) fall.
 - ◆ Eventually, equilibrium is reestablished between supply and demand
 - ◆ If there is a price war, and prices (profits) fall too low, some companies will fail. Those left will raise prices in order to survive, but the balance between customer and business objectives will eventually be reestablished.
- **In a government regulated economy: bureaucratic control**
 - ◆ Monopolies can be prevented through fiat (keeping prices affordable)
 - ◆ Essential businesses can be subsidized if profits are low
 - ◆ Business investments can be encouraged or discouraged through laws and government regulations

How profits are regulated: What is the appropriate amount of profit a company should be allowed to have? What follows is my personal view, and is greatly simplified, but makes a distinction between private enterprise and government regulation. In a free economy, the level of profitability of a company is somewhat self-regulating by the markets it serves.

If the profits are excessive, the government can step in and regulate the market or, as we have seen, competitors can be attracted to the marketplace. On the other hand, if profits are too low, the company may not be able to grow. A company which does not grow may lose market share and be susceptible to failure.

There is a principle in business known as the law of supply and demand. If a company offers a unique product that meets a new market need, customers will be willing to buy it at a fair price. The company provides just the right quantity of products or services to satisfy the customers wanting those products or services. At this point, supply and demand might be said to be equilibrium. If the company is making a "reasonable" profit percentage, there is not much motivation for other competitors to enter the marketplace. This is partly because a large percentage of the potential customers are already being satisfied and have developed a certain loyalty to the company, so another "copy-cat" entry into the marketplace will have difficulty gaining market share at the same profitability.

If someone else did enter the marketplace, there would be an oversupply of the product. This would force both suppliers to lower their prices to sell their inventories. That might be good for the customer in the short run but in the long run a company who cannot make a reasonable profit will go out of business. Quite possibly, some companies who want to stay in the market may be able to reduce their costs, in some combination of manufacturing, marketing, or engineering. Some companies may fail during this period of in-equilibrium. After the market shake-up, the remaining businesses (likely including the original supplier) can increase the price and regain lost customers so that they return to a reasonable profitability.

Now, consider a company who provides a product that has superior capabilities and decides to charge a premium for it. Customers might be willing to pay a higher price for that product. At first, customers are happy with the innovation and the company is making handsome profits. Again, a sort of equilibrium between supply and demand is achieved. If the product has a unique position in the marketplace, the company might continue to raise its prices in order to maximize its profits. However, these high prices and profits create a potentially unstable situation by encouraging competitors to enter the marketplace. This is likely to happen unless the original company has a product that cannot be copied or there are other barriers to entry, in which case they would have a monopoly.

Since profits are high, when new competitors enter the marketplace, all might survive. But eventually, business self-interests take over, and one or more of the companies may reduce their margin in order to gain market share. Once again, the result is a product that was formerly expensive is now being offered at a reasonable price. In order to survive, the other suppliers will have to reduce their prices as well. Eventually, the market returns to equilibrium. In these cases, the customer is considered the big winner because they are able to buy a superior product at a lower rate from a number of different competitors who will continue to improve the product and keep prices competitive.

If profits are too low, it's an indication that the product or service is not being well received or possibly there isn't enough volume (demand) for the company to stay in business. This might motivate the company to make improvements to the product or service, or to reduce its costs (and, in turn prices) in order to stimulate demand. If the company succeeds, it stays in business and the customers are once again the winners. If lower prices or greater efficiency still doesn't return a reasonable profit to the business, the company will eliminate that product from the marketplace, or possibly fail. These drastic outcomes may indicate that the product really didn't provide a good solution to the market, or that the market was extremely small. In either case, the consumers have not really lost much. But the investors certainly have.

Now let's talk briefly about government regulation. If a company has a monopoly on a product or service and raises its prices to an exorbitant level, customers who need this product may have to pay unreasonably high prices. If the government deems the product as vital to the economy, they might step in to regulate the monopoly and control the price it charges in the marketplace, making it widely affordable. On the other hand, if the government sees a product that is unprofitable for the manufacturer or supplier, but they determine that the public needs the product, they can artificially prop up the prices through subsidies. This is a much more complex topic than what we will cover here, but I wanted us to have a basic understanding of how profits are related to supply and demand, and some of the differences between a free economy and government regulation.

You are likely to have many businessmen in your future congregations and I think it's helpful for you to have a basic understanding of this topic. Please understand that my perspective is based on my understanding of the way the U.S. economy works, which may not be completely true of India.

A blue-tinted background image featuring a magnifying glass over a financial chart. The chart displays various data points, including percentages like 17.6%, 0.0%, 30.0%, and 9.1%, and dollar amounts such as \$8.80, \$47.21, \$0.29, \$4.75, \$16.03, \$85.00, \$4.45, \$19.20, \$21.90, \$3.50, \$4.05, \$49.00, \$2.75, \$9.15, \$22.50, \$62 5/8, \$11.50, \$2.00, \$3.50, \$0.26, \$9.62, \$10 3/8, \$0.25, \$0.25, \$0.90, \$0.92, and \$6.60. The magnifying glass is positioned over the center of the chart, highlighting the data.

Financial principles for businesses

- **Capitalize adequately; it is crucial to success**
- **Plan and manage cash flow**
- **Maintain adequate liquidity in order to have sufficient operating capital**
- **Know the applicable tax codes and endeavor to pay the minimum taxes due**
- **Staff the financial team with honest and capable people who are held to a high level of accountability**
- **Conduct periodic self-audits by an independent CPA**
- **There are many other business principles beyond the scope of this course >**

Financial principles for businesses: let's now take a closer look at a few other principals for businesses. Adequate capitalization and proper cash flow management are critical for success. Businesses must maintain adequate liquidity in order to pay their bills on time. And, of course, they must know the tax codes and run their business in such a way that they pay the minimum taxes due. If they pay more than the amount of taxes they should be paying, it puts them at a competitive disadvantage. The financial department should be staffed by honest and capable people or who held to a high level of accountability. Also, an important practice is to have an independent CPA conduct periodic business audits. This is critical for the protection of the business.

There are many other things which could be said about business finances which are beyond the scope of this seminar.

Quiz

Multiple choice or True/False

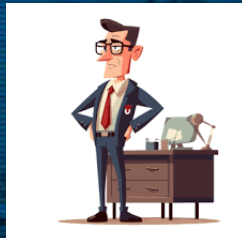
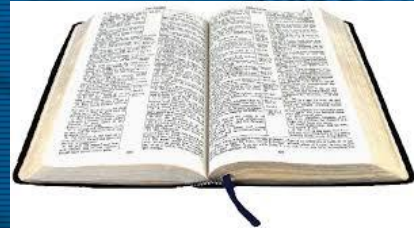
- Create one or more quizzes that deal with this module
- Usually 4 or 5 choices or statements work best for each quiz
- After allowing a minute or two for the students to complete the quiz, go over the answers. For false statements, ask the class what change could be made to make the statement true

Quiz

Money and business

Outline

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



Money and business - outline:

The Bible has much to say about managing or owning a business

Roles and responsibilities of business owners and managers



B. Roles and responsibilities of owners (managers): first let's consider the roles and responsibilities of owners or managers.

Biblical teaching for business owners

Owning a business is stressful, but can have great rewards

- **Prayerfully decide whether we can withstand the pressures of managing a business**

- ◆ If you fail under pressure, your strength is too small. Proverbs 24:10 (NLT2)

- **Commit our business to the Lord**

- ◆ Trust in the LORD with all your heart; do not depend on your own understanding. Seek his will in all you do, and he will show you which path to take. Proverbs 3:5-6 (NLT2)

- **Be fair and just in our business dealings**

- ◆ Life will go well for those who freely lend and are honest in business. Psalm 112:5 (CEV)

Biblical teaching for business owners: for those in your congregation who wish to start their own business, there are many things for them to consider. Owning a business is stressful but it can have great rewards.

- Encourage entrepreneurs to prayerfully decide whether they can withstand the pressures of business ownership.
- Encourage them to commit their business to the Lord, and
- To be fair and just in their business dealings

Biblical teaching for business owners (cont'd)

- **Work hard if we want to be successful**

- ◆ Lazy hands make a man poor, but diligent hands bring wealth
Proverbs 10:4

- ◆ Lazy people want much but get little, but those who work hard will prosper. Proverbs 13:4 (NLT2)

- **Consider allocating a portion of the profits to build the kingdom of God and help the needy**

- ◆ Give, and it will be given to you. A good measure, pressed down, shaken together and running over, will be poured into your lap. For with the measure you use, it will be measured to you."
Luke 6:38

- ◆ He who has been stealing must steal no longer, but must work, doing something useful with his own hands, that he may have something to share with those in need. Ephesians 4:28

- ◆ Luke 6:38 Ephesians 4:28-->

Biblical teaching for business owners (cont'd):

- Hard work is foundational for success. Let's read Proverbs 10:4 and 13:4.
- And as we have already seen you may want to encourage them to allocate a portion of their profits to the Lord's work.

You probably will not need to tell them these things because a believer with an entrepreneurial spirit knows and practices these things as a lifestyle. But they may need to be encouraged from time to time as they start their business and grow it to maturity.



Biblical teaching for business owners (cont'd)

- **Pay employees on time**

- ◆ "Do not defraud your neighbor or rob him. "Do not hold back the wages of a hired man overnight. Leviticus 19:13
- ◆ Do not take advantage of a hired man who is poor and needy, whether he is a brother Israelite or an alien living in one of your towns. Pay him his wages each day before sunset, because he is poor and is counting on it. Otherwise he may cry to the LORD against you, and you will be guilty of sin. Deuteronomy 24:14-15
- ◆ Look! The wages you failed to pay the workmen who mowed your fields are crying out against you. The cries of the harvesters have reached the ears of the Lord Almighty. James 5:4

Biblical teaching for business owners (cont'd): let's look at the responsibilities an employer has to his employees. We will read supporting Scriptures for these points:

- First the employer should pay his employees on time. Leviticus 19:13; Deuteronomy 24:15; James 5:4; 1 Timothy 5:18.

Biblical teaching for business owners (cont'd)

- **Treat employees fairly**
 - ◆ Masters, provide your slaves with what is right and fair, because you know that you also have a Master in heaven. Colossians 4:1
- **Treat them respectfully**
 - ◆ And masters, treat your slaves in the same way. Do not threaten them, since you know that he who is both their Master and yours is in heaven, and there is no favoritism with him. Ephesians 6:9



Biblical teaching for business owners (cont'd): He should treat them fairly (Colossians 4: 1) and with respect (Ephesians 6:9).

Biblical teaching for business owners (cont'd)

- Be generous to the company's employees
- Train, empower and provide resources for them to do their job properly, efficiently and safely
- Reward hard work, skill, conscientiousness, loyalty, and creativity
- Share company profits: reward employees according to their contribution to the success of the company >



Biblical teaching for business owners (cont'd):

- If he is generous to them, they will return his generosity with their loyalty. We have studied several Scriptures which encourage generosity, so this is a familiar concept.
- He should train them to do their job properly, then empower them to do their job more efficiently and safely. This is an application of the principle of acting in their best interests. The entrepreneur should recognize that the employees are the one who often best knows how to accomplish their tasks. The wise manager will recognize that reality and consider their suggestions. This has an empowering effect on his employees and can improve business efficiency and therefore profitability. At the very least, it increases employee morale because they are invited to participate in the process.
- Reward hard work, conscientiousness, loyalty and skill. Once again, this will motivate the employees to be productive.
- And as we have seen before the Christian businessman might consider returning some of the profits to the employees. And it is good to reward the best employees with special compensation commensurate with their contribution to the success of the company.

Some practices of successful business owners



- They arrive early, work hard (smart), stay late
- Are agile when threatened by competition or economic/political conditions, react strategically, but don't panic
- Strive for excellence in all parts of the company
- Look for new opportunities to create a product or service that uniquely fills a need
- Know their market and competition
- Hire and motivate good people; the company's success depends on it >

Some practices of successful business owners: here are some practices of successful business owners. These are principles that can be applied in a number of different ways in our lives, but we will look at them in the context of business.

- As we saw earlier, the entrepreneur must be willing to start early and work long days.
- We have discussed the importance of agility. When threatened by a competitor or a major economic or political event, they should not panic but seek the Lord for guidance. There were many times in my business career that the success of our business was threatened from outside influences. But in every case the Lord made a way through the threat and our business continued to flourish.
- The entrepreneur should strive for excellence in all parts of his company. He should always be on the lookout for new products or services that uniquely fill a need in his chosen business arena.
- One of the keys to success in any enterprise is to employ good and capable people.

Some practices of successful business owners (cont'd)

- Form a leadership team with specific skills and wisdom
- Are knowledgeable about the political situation, tax codes, regulatory requirements, technology issues, social trends, etc
- Reinvest a portion their earnings. In general, the larger the reinvestment, the faster the growth



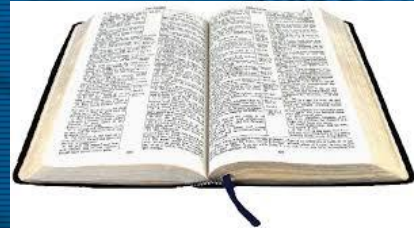
Some practices of successful business owners (cont'd):

- The entrepreneur should form a team of people, such as a board or support team, who provide specialized skills that are needed for a successful startup of his company and who can offer sound advice as it grows.
- Some of the specialized knowledge the entrepreneur may need includes political awareness, tax codes, regulatory requirements, technical issues, manufacturing trends, social trends, etc.
- And we have seen that he will need to reinvest a portion of his profits. Everything else being equal, the larger the portion he reinvests, the faster he could expect his company to grow.

Money and business

Outline

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



Money and business - outline

The Bible speaks to workers and employees

Biblical principles for employees



C. Biblical principles for employees: let's now consider Biblical principles for Christian employees.

Labor has many purposes

- **Follow our Father's example**
 - ◆ By the seventh day God had finished the work he had been doing; so on the seventh day he rested from all his work. Genesis 2:2
 - ◆ Jesus said to them, "My Father is always at his work to this very day, and I, too, am working." John 5:17
- **Express the abilities God has given us**
 - ◆ Then God said, "Let us make man in our image, after our likeness. And let them have dominion over the fish of the sea and over the birds of the heavens and over the livestock and over all the earth and over every creeping thing that creeps on the earth." Genesis 1:26
- **Support ourselves and our family**
 - ◆ If anyone does not provide for his relatives; and especially for his immediate family, he has denied the faith and is worse than an unbeliever. 1 Timothy 5:8

Labor has many purposes: First of all, from a high-level, we know that labor has many purposes.

- Through honesty and productive work, we emulate our Father in heaven. He worked six days to create the heavens and the earth and on the seventh day he rested. I believe this is where we get our six-day work-week. Let's read John 5:17.
- Work expresses the abilities God has given to us in ways that benefit others. Let's read Genesis 1: 26.
- And, of course, our labor is the mechanism that God has ordained to support ourselves and our family. Let's read 1 Timothy 5:8.

Labor has many purposes cont'd

- **Help others in need**

- ◆ And I have been a constant example of how you can help those in need by working hard. You should remember the words of the Lord Jesus: 'It is more blessed to give than to receive.'" Acts 20:35 (NLT)

- **Improve life on earth**

- ◆ "You are the light of the world. A city set on a hill cannot be hidden. Nor do people light a lamp and put it under a basket, but on a stand, and it gives light to all in the house. In the same way, let your light shine before others, so that they may see your good works and give glory to your Father who is in heaven. Matthew 5:14-16

- **Invest in the Kingdom**

- ◆ And if anyone gives even a cup of cold water to one of these little ones because he is my disciple, I tell you the truth, he will certainly not lose his reward." Matthew 10:42

Labor has many purposes (cont'd): through our work we can help others in need: Acts 20: 35; improve life on earth: Matthew (5: 14-16); and invest in the kingdom: Matthew 10:42.

Eight characteristics of highly valuable employees

Keys to job security, promotion and higher income



OUTSTANDING



Eight characteristics of highly valuable employees: here is one of my favorite parts of this module. It begins with a question: what makes a highly valuable employee? What is it that a person can do to stand out from his peers? I believe that the following principles are keys to job security, promotion, and higher income for employees. They were compiled through research and personal experience. They are not represented as the only set of characteristics of highly valuable people, but I believe they are important. And if you encourage your congregation to practice these principles, I think it will contribute to the success of your church as well as their success at their places of employment.

These traits fall into two main categories

- **Highly valuable employees prove their worth**
 1. They are honest, responsible, dependable and trustworthy
 2. They practice good work habits
 3. They are faithful and loyal
 4. They understand their company's goals and work to achieve them
 5. They have a plan for their own future
- **Highly valuable employees expand their value**
 6. They contribute to the development of others
 7. They establish a good relationship with their boss and help him succeed
 8. They try to work themselves out of a job!!

These traits fall into two main categories: I have organized these traits of highly valuable employees into two main categories. First, successful employees must prove their worth to the company. This gives them job security. Then, highly valuable employees go beyond what's needed to survive and work to expand their value. They recognize that their value must be earned through performance. If they are willing to first "bake the cake" (to ensure job security), then they have earned the right to "ice" it later (to be considered for job promotion).

Let's do a quick overview of these eight characteristics:

- First, the successful employee will have a plan for their own future. They do not see their job as just a way to earn money, but as a stepping-stone in their own career.
- They are honest, responsible, dependable and trustworthy. Their employer has full confidence in them and can entrust them with his own resources.
- They practice good work habits
- They are loyal to their company.
- I believe the fifth point is very important. The highly valuable employee will understand their company's goals and work to achieve them. He does not perform his job in isolation but as part of the fabric and ethos of his company.

After achieving credibility and proving his basic worth to the company, he becomes secure in his job. But highly valuable employees do not stop there. They try to increase their value to the company by keeping up with technology, best practices, and expanding their sphere of influence.

- Besides increasing their own personal competence, highly valuable employees contribute to the development of others. When I worked for Hewlett Packard, "contribution to the success of others" was one of the evaluation criteria on my annual performance review. They wanted me to not just do my job but to try to help my peers be successful in their jobs.
- Just as important as helping your peers be successful is to understand how your boss is evaluated and try to help him succeed in his position.
- Finally, highly valuable employees try to work themselves out of a job. Please understand they're not trying to lose their job, but to make it unnecessary to the success of the company. I will explain this in more detail later.

Let's now take a closer look at each of these traits.

Highly valuable employees prove their worth

1. They are honest, responsible, dependable and trustworthy
2. They practice good work habits
3. They are faithful and loyal
4. They understand their company's goals and work to achieve them
5. They have a plan for their own future



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Let's now take a closer look at each of these traits.

1. They are honest, responsible, dependable and trustworthy

- Don't steal company property

Ephesians 4:28

- Don't falsify hours
- Honor the company's policy regarding personal time and using supplies for personal purposes
- Are honest with sick days
- Don't waste company resources or their (others') time >



2. They are honest, responsible, dependable and trustworthy: the second trait of highly valuable employees is honesty, responsibility, dependability, and trustworthiness. It's unfortunate that this has to be expressly stated in this day and age, but they should not steal from their company, or falsify their hours. They honor the company's policy regarding spending time on personal activities and using company supplies for personal purposes. Before they call home during business hours, takes off to accomplish personal errands, or take company property home for personal use, they understand what their company's policy is for those kinds of personal benefits. They are honest with sick days and don't waste company resources or the time of others.

2. They practice good work habits

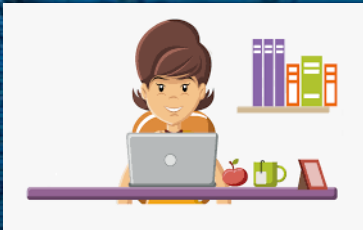


- **Work hard (smart), to honor their Lord**

- ◆ Whatever your hand finds to do, do it with your might Ecclesiastes 9:10a (ESV)

- ◆ Never be lazy, but work hard and serve the Lord enthusiastically. Romans 12:11 (NLT)

- ◆ So we built the wall. And all the wall was joined together to half its height, for the people had a mind to work. Nehemiah 4:6 (ESV)



- **Trust God for their success**

- ◆ Commit to the LORD whatever you do, and your plans will succeed. Proverbs 16:3

3. They practice good work habits: highly valuable employees practice good work habits. Besides trusting God for their success, they view their work as working for their King, Jesus. They are known for their hard and effective work. Let's read Ecclesiastes 9:10a, Romans 12:11, and Nehemiah 4: 6.

They practice good work habits (cont'd)

- **Work with enthusiasm and a positive attitude**
 - ◆ Whatever you do, work at it with all your heart, as working for the Lord, not for men, Colossians 3:23
 - ◆ Work with enthusiasm, as though you were working for the Lord rather than for people. Ephesians 6:7 (NLT)
- **Learn to excel at their job**
 - ◆ He has filled them with skill to do all manner of work of the engraver and the designer and the tapestry maker, in blue, purple, and scarlet *thread*, and fine linen, and of the weaver--those who do every work and those who design artistic works. Exodus 35:35 (NKJV)

Habits of highly valuable employees (cont'd): highly valuable employees work with enthusiasm and positive attitudes. We see this practice encouraged in Colossians 3:23 and Ephesians 6:7. They do more than just the minimum requirements of the job. They learn to perform with excellence. Exodus 35:35.

They practice good work habits (cont'd)

- **Arrive early and stay late**
- **Work not only hard, but smart**
 - ◆ If any of you lacks wisdom, he should ask God, who gives generously to all without finding fault, and it will be given to him. James 1:5, Eccl 10:10
- **Stay fit, healthy and practice good hygiene**
- **Work diligently, intelligently, efficiently, resourcefully, and consistently**
 - ◆ The sluggard craves and gets nothing, but the desires of the diligent are fully satisfied. Proverbs 13:4
- **Demonstrate leadership >**

Habits of highly valuable employees (cont'd): they put in extra time.

Like their bosses, they arrive early and stay late. When deadlines are tight, they are more committed to completing the project on time than they are taking the time off to which they are entitled, if at all possible. Sometimes that extra effort includes weekends or holidays. I believe it is proper for an employee who is sacrificing his personal time to ensure that deadlines are met to have a conversation with his manager. The employee can request compensating time to be taken during slack times, or when deadlines are not pressing. I believe the smart manager will accommodate those requests, or be willing to pay him for his extra work.

Highly valuable employees seek to work smarter, not harder. Let's read James 1:5 and Ecclesiastes 10:10. They stay physically fit and practice good hygiene. Successful employees work diligently, intelligently, efficiently, resourcefully, and . Proverbs 13: 4. And they looks for ways of demonstrating leadership.

3. They are faithful and loyal

- Don't talk behind the bosses' back
- Don't gossip or speak evil of anyone
- Don't try to get the bosses' job
- Execute the company plan
- Speak well of the company
- Learn how to give constructive criticism >



4. They are faithful and loyal: the fourth trait of highly valuable employees is faithfulness to their employer. They don't talk behind their boss's back, they don't gossip or bad-mouth others, and they don't conspire to get their boss's job. Rather they try to help their boss be successful. Those who do that will be noticed and when their boss is promoted, highly valuable employees may be considered as their replacement. Loyal employees speak well of the company to outsiders.



4. They understand their company's goals and work to achieve them

Profit is the ultimate goal of a private company; serving the people is the ultimate goal of government

- Without a profit, the company cannot grow or compete in the marketplace
- Highly valuable employees understand how their job fits into the profit structure of the company and strive to improve it
- The company may have other business, social, political and environmental goals; they find their role in achieving them >

5. They understand their company's goals and work to achieve them: the fifth trait of highly valuable employees is understanding their company's goals and working to achieve them. They are always aware of the big picture and how their job fits in with the company's overall plan. They realize that the ultimate goal of the company is profit and that without a profit the company cannot grow or compete in the marketplace. Therefore, they do everything they can to keep the costs of doing their job to a minimum and executing it to the quality standards of their employer. They also understand that companies have other goals besides financial, such as social, political, or environmental. They look for ways of contributing to those secondary goals.

5. They have a plan for their own future

- Seek God's wisdom (Prov 3:5-6)
- Assess abilities, weaknesses, passions, dreams, circumstances
- Establish career goals
- Get a good education
- Recruit a mentor
- Establish a support team
- Always learn something new
- Move out of comfort zone
- Seek new responsibilities and opportunities >



1. They have a plan for their own future: highly valuable employees have a plan for their own future. If they are Christians, they have sought God's wisdom in planning their futures. They have assessed their abilities, weaknesses, passions, dreams, and their circumstances carefully. They have established career goals, which might mean getting better educated, recruiting a mentor, or establishing a team that will encourage and support them in their careers. Highly valuable employees are always willing to learn. They are not afraid of moving out of their comfort zones to learn new skills or to gain additional perspective. They seek new responsibilities and looks for advantageous opportunities.

Highly valuable employees expand their value

6. They contribute to the development of others
7. They establish a good relationship with their boss and help him succeed
8. They try to work themselves out of a job!!



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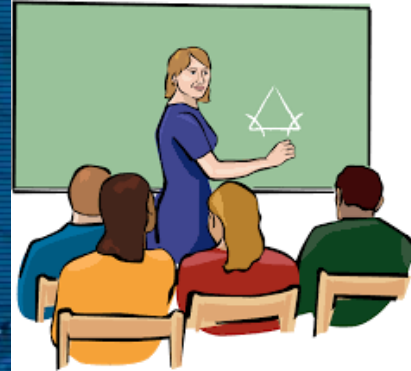
Let's now take a closer look at each of these traits.

6. They contribute to the development of others

Don't be selfish; don't try to impress others. Be humble, thinking of others as better than yourselves. Don't look out only for your own interests, but take an interest in others, too. Philippians 2:3-4 (NLT)

Highly valuable employees

- Cooperative with others
- Communicative with others
- Complimentary towards others
- Cordial to others
- Courteous to others
- Conducive to the success of others >



6. They contribute to the development of others: we have examined in detail five characteristics of highly successful employees. By demonstrating these characteristics, these employees have earned the respect and appreciation of the management teams and have solidified their positions within the company. They are beginning to be recognized as valuable employees, and their supervisors will start talking about possible opportunities they may have for promotion.

But highly valuable employees do not stop there. They look for ways that to help their peers succeed. They do not do this to impress others, but to make a contribution above and beyond their own. Because they are experts in their jobs and have broad perspective of the company's goals, they rightfully seek to expand their sphere of influence. If they are Christians, they see themselves as working for the Lord and because they are, it is worth helping others to be all they can be as a demonstration of their love for others. They expand their spheres of influence by cooperating with others, communicating well with them, complementing them when it's appropriate, being cordial and courteous, and being conducive to their success. Let's read Philippians 2:3-4.

7. They establish a good relationship with their boss and help him succeed

After consistently excelling in their job....

- Find out how the boss is evaluated, and quietly help him/her be successful

♦ Joseph: The LORD was with Joseph and he prospered, and he lived in the house of his Egyptian master. When his master saw that the LORD was with him and that the LORD gave him success in everything he did, Joseph found favor in his eyes and became his attendant. Potiphar put him in charge of his household, and he entrusted to his care everything he owned. From the time he put him in charge of his household and of all that he owned, the LORD blessed the household of the Egyptian because of Joseph. The blessing of the LORD was on everything Potiphar had, both in the house and in the field. So he left in Joseph's care everything he had; with Joseph in charge, he did not concern himself with anything except the food he ate. Genesis 39:2-6a

7. They establish a good relationship with their boss and help him succeed: they establish a good relationship with their boss and look for ways to help him or her succeed. They find out how their boss is evaluated, and then look for appropriate ways to help him look good in the eyes of his superiors. One of the finest examples we have of employees who not only achieved excellence in their own job but demonstrated their ability in other areas of their workplace is Joseph. It is useful to read Genesis 39:2-6a.

Help your boss succeed

- Realize we are not working in isolation, but as part of a team under our boss's leadership
- If we contribute to our boss's success, we increase our value to the company
- Don't be surprised if we rise as your boss rises >



Help your boss succeed: As employees who are concerned about the good of their company and their boss, we should not be surprised that we will be promoted along with those above us. And if we aren't, we can take assurance in the fact that we honored our God by looking out for the interests of others and promoting the success of the organization.



Caution

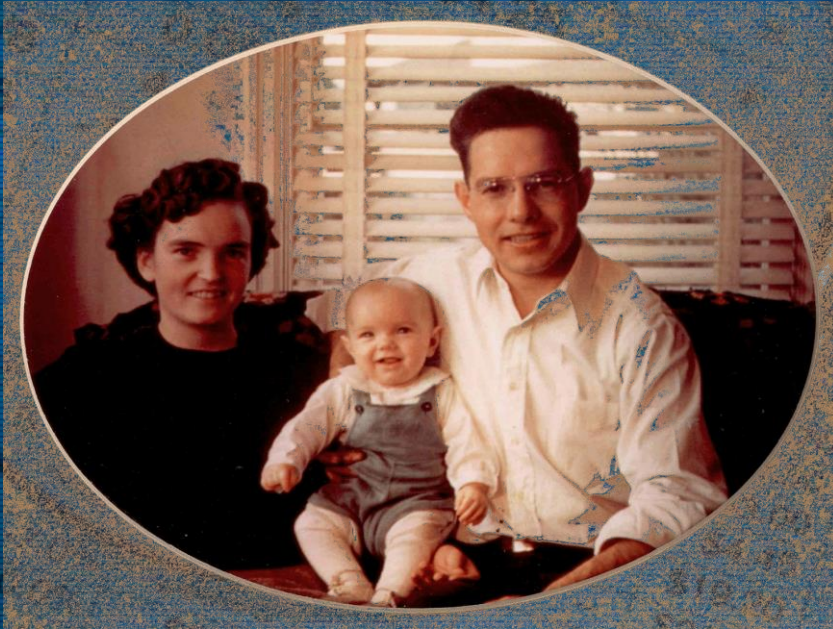
There are risks to helping our boss succeed

- Approach this activity carefully and prayerfully
- Consider a conversation with our boss to reveal our intent and get his support
- Don't neglect our own work – it's still our #1 priority
- Don't snoop or meddle, but rather observe
- Don't do our boss's job
- Don't flatter the boss
- Be very discreet as we go about this objective
- Beware we may incite jealousy among our peers >

Caution: a word of caution: we must also realize that it is not our main job to make our boss successful. And there are risks involved. Even if we have the best motives, we can be misunderstood. But we can quietly go about doing things that make his life easier. First, we must never lose sight that our number one responsibility is to do our own job with excellence. Then, if we are able to contribute beyond ourselves, we do not want to be seen as currying the favor of our superiors through flattery. We must realize that our peers may misunderstand what we're doing. They can be jealous and even vindictive. They may actually go about trying to make us fail. So be very discreet when practicing this business virtue. You may want to have a private conversation with your boss before you take any overt action to help him succeed.

Help our boss succeed-with caution

Excerpt from my father's autobiography



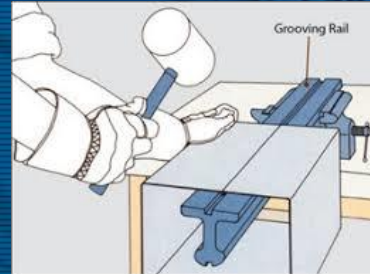
Help our boss succeed-with caution: The photo is my mom and dad in their mid-twenties, holding me between them. My father was a sheet metal worker during World War II. He was a superb employee and mastered his trade. But he paid a price for going the extra mile to help his fellow workers. He was the victim of the jealousy we talked about in the previous slide.

Bill Wilkin (cont'd)

If you contribute to the company's success, you may experience jealousy from your peers

- My dad was an expert in sheet metal layout and fabrication. Because he used his time efficiently, he would often finish ahead of schedule. But this caused jealousy among his peers. Here is one of his stories:

- ◆ "I had those two cut out and took them over to the welder in a separate building in just about a day. I held them while the welder tacked them together. I then started back to the sheet metal shop."



Bill Wilkin (cont'd): Here is an excerpt from his autobiography. My dad was assigned a project which included some welding, performed by a different tradesman in a separate building. When it was time for the welding process, he helped the welder long enough for him to tack them together. After they were fused together sufficiently for the welder to complete his job by himself, my father returned to his project rather than wasting time just standing there while the complex welding process was completed. His intention was to be as efficient in his job as possible, thereby contributing to the company's productivity goals.



Bill Wilkin (cont'd)

We may be harrassed by some for doing a good job, but others will respect us

“Russell Wong one of the sheet metal workers who was there when I arrived must have been watching me because he caught me on the way and asked me how my job was going. I told him and he said I had to stay with the job until it was all welded. I told him I couldn't just stand there. I had other things to make.”

“After I got back to the shop Anchor Olson another sheet metal worker came up to me and said "we have good conditions here and are not going to let someone from the outside spoil it for them.”

“... The other men and I got along just fine. **In fact they all came to me to find out how to lay out difficult fittings.**”

Bill Wilkin (cont'd): Russell Wong, one of the other sheet metal workers, apparently observed what my dad had done and decided to criticize him for his work ethic. When Russel confronted my dad, he explained he couldn't just waste his time standing at the welding station when he could be working on his own project. Later he was told by another sheet metal worker, Anchor Olson, that his efficiency was not welcome. They told him that they had a certain work ethic in their group and were not about to let someone else move it to a higher level.

Apparently, my dad's efficiency in the way he approached his job was a threat to the status quo. Even though some of the men were jealous and hostile, most of the guys in his department appreciated him. For example, my father was especially skilled at sheet metal layout, a skill requiring specialized geometric and visualization skills. They would come to him for help with difficult fittings. I admired my dad for his courage, for his work ethic, and for the skills he developed in his job. I believe my father was a highly valuable employee. He later established his own successful sheet metal shop, which he ran for 40 years.

8. They try to work themselves out of a job!!

- “Own the job” as if they owned the company
- Try to make their position unnecessary or combine it with another position
- Look for ways of improving things or making things more efficient
- They have an unselfish attitude, working for the company’s success rather than just their own, will be noticed and appreciated
- If their ideas save the company money or make it more efficient, they will increase our value to it
- Don’t be surprised if they are then promoted or assigned to important or strategic positions >

8. They try to work themselves out of a job!!: The final characteristic of highly valuable employees that we will consider is this: they try to work themselves out of a job! Let me explain what I mean by this.

The highly valuable employee will “own” is job. That means he is not just putting in his time, but rather is fully engaged in accomplishing the purpose for which his job was created. He feels that the success or failure of the company, to the extent that his job applies, is dependent mainly on him. At a personal level, it’s as if he is a one-man company whose success or failure was up to him.

Every job has a purpose in contributing to the success of the company. Many jobs are necessary because they solve a problem that has to be dealt with. They may not contribute directly to the success of a service or product; rather, they are a necessary to meet company objectives and become part of the overhead of the business.

If a highly valuable employee in that type of position can suggest better ways of doing things, or achieve more cost-effective ways of doing it, he might convince his superiors that a portion of his responsibilities can be eliminated through better or more efficient methods. To the extent this can be accomplished, company overhead is reduced and that’s a good thing.

At the extreme end, if he is able to suggest different ways of organizing to accomplish the purpose of the position, or can use technology, products, or processes to achieve greater efficiency along with other cost saving ideas, he might be able to convince his manager that his position can be totally eliminated. This of course will help the company be more profitable, the employee’s manager will look like a genius, and the employee himself will be highly valued.

Now let me ask you a question. Do you really think that this employee who “worked himself out of a job” will be put out on the street? Of course not. He will be seen as an exceptional contributor to the company’s success. He will be seen as someone who has produced a great benefit to the company beyond what he was hired to do. It is likely that he will be promoted to take on more responsibility or moved to other areas where he can use his skills to improve their efficiency. Perhaps the employee who has planned his career for greater achievement will use his success and experience to start his own company or to achieve a highly valuable position somewhere else.

One final thought: the same caution is just as appropriate when we are trying to reduce the need for our job as it was for the story of my father, who was trying to help his peers. We have to be very careful that we are not misunderstood or that our helpful efforts are unwelcome. It is best to have a conversation with our supervisor and get his approval for exploring this broader perspective before we begin. We don’t want to make it look like we’re more interested in doing some other job than the one we were hired to do. And we don’t want to be misunderstood as being disrespectful of our position when we suggest efficiencies that can reduce the need for it. We don’t want those above us to think we are trying to eliminate our job for selfish reasons.

Of course, don’t even begin the conversation about reducing the need for our job until we have mastered it. Communication and timing are crucial.

8 habits of highly valuable employees

Review

1. They have a plan for their own future
2. They are honest, responsible, dependable and trustworthy
3. They practice good work habits
4. They are faithful and loyal
5. They understand their company's goals and work to achieve them
6. They contribute to the development of others
7. They establish a good relationship with their boss and help him succeed
8. They try to work themselves out of a job!!

8 habits of highly valuable employees: let's review of the eight habits of highly valuable workers:

- They have a plan for their own future
- They are honest, responsible, dependable, and trustworthy
- They practice good work habits
- They are faithful and loyal
- They understand their company's goals and work to achieve them
- They contribute to the development of others
- They establish a good relationship with their boss and help him succeed
- They try to work themselves out of a job



Habits of highly valuable full-time workers in *Christian ministries*

How do these same traits apply?

1. Should they have a plan for their own future?
2. Should they be honest, responsible, dependable and trustworthy?
3. Should they practice good work habits?
4. Should they be faithful and loyal?
5. Should they understand their organization's goals and work to achieve them?
6. Should they contribute to the development of others?
7. Should they establish a good relationship with their boss and help him succeed?
8. Should they try to work themselves out of a job?

Habits of highly valuable full-time workers in *Christian ministries*: let's now consider the habits of highly valuable Christian workers. Do the same traits that characterize highly valuable business employees applied to those in Christian ministries? In what ways are they the same and in what ways do they differ?

Quiz

Multiple choice or True/False

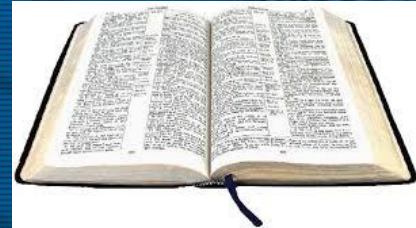
- Create one or more quizzes that deal with this module
- Usually 4 or 5 choices or statements work best for each quiz
- After allowing a minute or two for the students to complete the quiz, go over the answers. For false statements, ask the class what change could be made to make the statement true

Quiz

Money and business

Outline

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



Money and business - outline

The remainder of this module is an introduction to small business ownership and operation, referred to as “Micro-enterprises”

Let's talk about small businesses

Micro-enterprises



Let's talk about small businesses – Micro-enterprises. I understand that there are many business opportunities within India. Micro-enterprise might be a way for the aspiring entrepreneur to get started. If any of your church members have this desire, perhaps as their pastor you will be able to talk with them and pray with them about their readiness to take such a venture. You might be able to recommend experts in the field they could consult.

Micro-enterprises – an overview



Micro-enterprises – an overview: We've considered the biblical basis for business and studied business basics. Now let's talk about Micro-enterprises.

Micro-enterprises



Talking it over

- Small businesses started by individuals, families, or small groups (typically 1-5 employees)
- Advantages:
 - ◆ Independence and control
 - ◆ Few employees to manage (typically 0-5 employees)
 - ◆ Low capital investment
 - ◆ Agility – adaptable to changing market conditions
 - ◆ Low overhead – minimal needs/costs for
 - Business space – low rent
 - Utilities
 - Salaried employees
 - Support services
 - ◆ Potential high rewards

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 - Utilities
 - Salaried employees
 - Support services

Independence and control

Potential high rewards

Micro-enterprises

- **Disadvantages:**

- ◆ Hard work and long hours
- ◆ Need to gain broad expertise
 - Manufacturing
 - Purchasing
 - Marketing (communications, competition, sales and service, accounting, distribution, government regulations, etc)
- ◆ All decisions and responsibilities made by the entrepreneur
- ◆ Feeling of loneliness and isolation
- ◆ Risk of failure
- ◆ Resources can be hard to find



Jack of all trades

Micro-enterprises

Disadvantages:

Hard work and long hours

Need to gain broad expertise

- Manufacturing
- Purchasing
- Marketing (communications, competition, sales and service, accounting, distribution, government regulations, etc)

All decisions and responsibilities made by the entrepreneur

Feeling of loneliness and isolation

Risk of failure

Resources can be hard to find

Micro-enterprises -examples



• Farming

◆ Crops with better returns and nutrition

- Cauliflower and other vegetables,
- Mushroom cultivation,
- Organic black rice,
- Fruit trees,
- Hydroponic herb gardening
- Fish ponds out of holes created through brickmaking

◆ Crops that are lightweight and can be carried by bicycle into villages

- Turmeric, ginger, garlic, mustard, etc

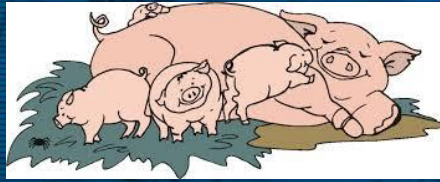
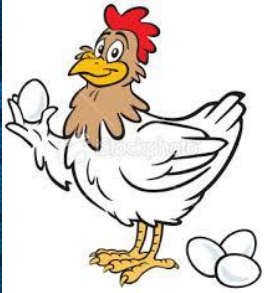
Micro-enterprises

- Farming
- Crops with better returns and nutrition
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 - Fish ponds out of holes created through brickmaking
- Crops that are lightweight and can be carried by bicycle into villages
 - Turmeric, ginger, garlic, mustard, etc

Micro-enterprises –examples (cont'd)

- **Ranching**

- ◆ Learn animal husbandry including giving immunizations
- ◆ Raise goats for milk, cheese, goat milk soap & hand cream.
- ◆ Raise chickens for eggs
- ◆ Raise pigs for bacon



Micro-enterprises

Ranching

- Learn animal husbandry including giving immunizations
- Raise goats for milk, cheese, goat milk soap & hand cream.
- Raise chickens for eggs
- Raise pigs for bacon

Micro-enterprises –examples (cont'd)

- **Maintenance**

- ◆ Bicycle repairshop
- ◆ Well repair
- ◆ Cell phone repair
- ◆ Brick-making

- **Hardware**

- ◆ Solar lighting (sales and installation)



Micro-enterprises

Maintenance

- Bicycle repairshop
- Well repair
- Cell phone repair
- Brick-making

Hardware

- Solar lighting (sales and installation)

Micro-enterprises –examples (cont'd)

◆ Boutiques

- Beauty shops
- Clothing shops (eg, saris, sandals)
- Small petty shops

◆ Services

- Tutoring
- Handicrafts
- Knitting
- Baby items



Micro-enterprises – examples (cont'd)

Boutiques

- Beauty shops
- Clothing shops (eg, saris, sandals)
- Small petty shops

Services

- Tutoring
- Handicrafts
- Knitting
- Baby items

Micro-enterprises –examples (cont'd)



• Services (continued)

- ◆ Rent out rooms overnight in your home
- ◆ Prepare and sell meals
- ◆ Operate a motorized rickshaw
- ◆ Become a street vendor with a cart (vegetables/dried fish) selling door to door, etc.

• Consulting

- ◆ Invest your time to help others start micro-businesses for a % of their sales or a share of their business

Micro-enterprises

Services (continued)

- Rent out rooms overnight in your home
- Prepare and sell meals
- Operate a motorized rickshaw
- Become a street vendor with a cart (vegetables/dried fish) selling door to door, etc.

Consulting

- Invest your time to help others start micro-businesses for a % of their sales or a share of their business

My work and business experience



- Worked in my father's shop as a boy (summers)
- Door-door delivery of advertising brochures (age 12)
- Janitor (age 14)
- Motel maintenance (age 12-18)
- Errand boy for a drug store (age 16)
- Carpenter's assistant (age 17-18)
- Grocery store helper (age 16)
- Surveyor's assistant and draftsman (college)
- Carpenter's assistant (college)
- Basketball referee (college)
- Dorm residential advisor (college)
- Hydro-electric plant custodian (college)
- Research assistant (college)
- Engineer (professional degree)
- Trash hauler (entrepreneur)
- Real estate broker and property manager (2nd career)
- Home builder (entrepreneur)
- Investment manager (present occupation)

My business and work experience

- Cleaned my father's shop (summers)
- Delivery boy of advertising brochures door-door (age 12)
- Janitor (age 14)
- Grocery store helper (age 16)
- Surveyor's assistant and draftsman (college)
- Carpenter's assistant (college)
- Basketball referee (college)
- Dorm advisor (college)
- Research assistant (college)
- Engineer (professional degree)
- Trash hauler (entrepreneur)
- Property manager (2nd career)
- Home builder (entrepreneur)
- Real estate broker

How to start a micro-enterprise

Develop a business plan

- Vision statement
- Products and services
- Market analysis
- Financial plan
- Operating plan



How to start a micro-enterprise

Develop a business plan

- Vision statement
- Products and services
- Market analysis and business strategy
- Financial plan
- Operating plan



A written business plan

- **Advantages**

- ◆ Brings creative thinking and realism to your entrepreneurial journey
- ◆ Helps you to focus
- ◆ Provides a stress-free environment to understand the business landscape
 - Anticipate potential problems
 - Develop solutions proactively
- ◆ Leads to an action plan for success

- **Disadvantages**

- ◆ Takes time
- ◆ May require help from others
- ◆ Could lead to “paralysis through analysis”

A written business plan

Advantages

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Could lead to “paralysis through analysis”

Vision statement

- What is the market opportunity I want to pursue?
- What is my value proposition?
- What is my motivation for pursuing this opportunity?
- What are my resources enabling this venture?



Vision statement

Note: In the next several slides, italics represent my own business plan developed for this class based on my business of providing short-term vacation rentals from 1979-2018. I did write down a formal business plan originally. However, since I was very narrowly focused and grew my business slowly, I was able to proceed successful by the grace of God. But I was guided by a specific vision statement that remained essentially the same over the 40 years of operations. It was a simple value proposition written on our sales literature *“Providing exceptional togetherness, convenience, peace and privacy, and affordability since 1979”* That was sufficient to guide our business’s growth over four decades.

What is the market opportunity I want to pursue?

- *Earn extra income by renting my vacation home short-term.*
 - *Julie and I skied when we were growing up and*

wanted our children to experience this great family winter sports activity

- *We bought a unit in a condominium in Breckenridge, Colorado, in 1979 so our family could have a winter recreation activity.*
- *Real estate is usually a good investment.*
- *Breckenridge is conveniently located to two large metropolitan areas and is family-oriented.*

What is my value proposition? Why would potential customers prefer you product/service over others?

- *My property satisfies the need for a four bedroom vacation home that sleeps 14 people, is located in an ideal location for skiers and tourists*
- *The value is being able for your entire party to stay together in a large, comfortable, well-equipped vacation home at a reasonable price*
 - ❖ *Note: I estimated that most slope-side vacation rentals in Breckenridge in the 1970's were three bedrooms or less. There was a need for accommodations for large families and small groups in a well-situated location.*

What is my motivation for pursuing this opportunity?

- *I've always wanted to have my own business - My dad had his own business, and I've always hoped I could also. I had a small business earlier in my adult life (hauling trash), I enjoyed it, and the Lord blessed it.*
- *I like taking vacations and enjoy providing them for others – Vacations are an enjoyable, even necessary, retreat from the busy-ness and stress of life. They provide an opportunity to see our country, spend focused time with family, and enjoy God's beautiful handiwork.*
- *Produce a return on my investment – Real estate generally appreciates over time. It may be a good long-term investment.*
- *Help with expenses – Owning a second home has the characteristics of other improved real estate (taxes, insurance,*

furnishings, maintenance, supplies, utilities, etc).

What resources enable this venture?

- *We owned the townhome vacation rental free and clear, with no debt*
- *Our trust was in the Lord for wisdom, favor, and success*
- *I had the support of my wife and family*
- *We were willing to work hard*
- *I had time at night and on weekends to build the business*
- *Even though the townhome was 2-hours away, I could accomplish much of the work remotely with telephone, fax machines, magazine advertising, and pagers*
- *I reach the market through inexpensive advertising. When the internet came along, I developed a website and immediately most reservations occurred on line. I eventually stopped advertising in magazines.*
- *Renting your home to others is a righteous activity*
- *We had the cash margin from my job to operate the business*
- *Since we bought the vacation townhome for personal reasons, renting it out seem like a low risk. Major risk was the damage renters might cause to the unit itself. We found out there were other risks, such as jealousy among my competitors, roadblocks established by governmental agencies, and damage caused by insects, weather, fire, ice, and other environmental risks.*

Products and services

- What products and/or services will you provide?
- What need will it meet?
- Where (geographical area) will you sell your product/service?
- How will you develop/procure your product?
- How will you promote your business?
- How will you deliver your product/service
- How quickly will you deliver your product/service



Products and services

- Where will I sell my product or the geographical area you will serve)
 - ❖ *The use of our townhome will be sold to skiers and vacationers from all parts of the country; particularly Texas and other midwestern states. A smaller market is the NE portion of the US because there are local ski areas that are more convenient. I may even attract a few European skiers who come to Breckenridge*
- ❖ *What need will it meet?*
 - ❖ *It will meet the need of larger families or parties who need accommodations for more than 9-14 people and how want to be together*
- How will you develop/procure your product? (manufacturer your own product, buy from others, assemble parts and add value, lease, etc?)

- ❖ *Since my wife and I own the townhome; we will add value with high-quality furniture and furnishings, such as a well-equipped kitchen and private hot tub.*
- ❖ *We will manage the property ourselves (arranging for cleaning, maintenance)*
- ❖ *We will conduct all back-office activities (bookkeeping, satisfying regulatory requirements, tax returns, insurance, etc)*
- ❖ *We will develop all customer materials (rental agreements, license to use, unit descriptions, check-in/check-out information, rec center rules, etc)*
- How will you promote your business ? (eg, media advertising, salesmen, direct mail, website, social media, Amazon, etc)? –
 - ❖ *Through advertising in Ski and Skiing magazines, repeat business, and word of mouth after I establish a clientele. Note: when the internet arrived, almost all business very quickly came from dedicated website and other on-line presence.*
 - ❖ *I will develop my marketing materials myself (brochures, website, advertisements)*
 - ❖ *I will develop my own documentation with advice from attorneys (contracts, licenses to use, ledgers, invoices, receipts, parking passes, discount coupons, etc)*
 - ❖ *I will manage customer financing (accept cash, checks, credit cards)*
- How will you deliver your product/service
 - ❖ *The renter comes to my property at his own expense*
 - ❖ *The renter is equipped to do self-check-in by received a combination to the lock on the door*
- How quickly will you deliver your product/service
 - ❖ *Access to the townhome will be granted after two things happen: a) rent has been paid in full and b) within two weeks prior to check-in.*

❖ *Note: in today's vacation rental environment, because of lawlessness and lawsuits, tenants are not given access until check-in date/time has passed or the unit is vacant.*

Market analysis

- **Market characteristics**

- ◆ Description
- ◆ Demographics
- ◆ Size
- ◆ Growth rate
- ◆ Barriers to entry

- **Competition**

- ◆ Competitive advantages and disadvantages

- **Pricing**

- ◆ Price leaders vs price followers



Market analysis

- Market characteristics
 - Market description
 - ❖ *Skiers and vacationers who have chosen Breckenridge as their destination and who are looking for rental accommodations*
 - Demographics of your target market
 - ❖ *General description: Breckenridge skiers and vacationers come from all parts of the U.S., particularly Texas and other midwestern states. A smaller market is the NE portion of the US because there are local ski areas that are more convenient. There are a few European skiers who come to Breckenridge*
 - ❖ *Ages – 1-70 winter; all ages summer*

- ❖ *Ethnic – varies*
- ❖ *Religious affiliation – varies*
- ❖ *Income – middle to upper class*
- *Size*
 - ❖ *Approximately X% of skiers who come to Breckenridge are destination skiers; approximately Y% of destination skiers are looking for lodging of 4 bdrms*
- *Growth rate: The ski industry has moderate growth; equipment such as snow boards have boosted this growth rate.*
- *Barriers to entry: The cost to construct and purchase larger vacation homes is prohibited to rapid increase of competition. However, owners of existing homes could choose to enter the rental market.*
- *Competition – direct competition is somewhat minimal as there are a limited number of larger, well-located rental accommodations for more than 10 pp.*
 - ❖ *Advantages:*
 - *Slopeside (ski-in, walk to free slope transit)*
 - *Amenities (hot tub, sauna, walk-to-town)*
 - *Price (Good value on a price/person basis, compared to 3-bdrm units sleeping only 6-8 pp)*
 - ❖ *Disadvantages*
 - *Not ski in/ski out (later, a lift was added a short walk/free transit distance away)*
 - *Older unit*
 - *2-1/2 baths (the ½ bath was made a full bath later)*
 - *No hotel amenities (swimming pool, concierge, etc)*
 - *Limited parking*

Financial plan

- Capitalization and debt service
- Profit-loss model
- Cash flow model
- How profits will be used



Financial plan

- Capitalization and debt service
 - *The bulk of the money used to purchase the unit in Breckenridge was from an inheritance*
 - *The balance was obtained by creating margin and saving over a number of years*
- Profit-loss model ($\text{Profit} = \text{Sales price} - (\text{manufacturing costs} + \text{marketing costs} + \text{O/H} + \text{support costs} + \text{taxes/fees})$)
 - ❖ *Since we had not debt on our townhome, the requirement to make a profit was to charge more for rent than it cost us to provide the unit for rental (cleaning, maintenance), and allocate the cost of overhead (advertising, management, booking commissions, etc) over all bookings*

- ❖ *Profit = Rental price – (direct expenses + allocated overhead)*
- ❖ *Note: the competitive environment (supply vs demand) permitted rental pricing sufficiently high to yield a generous profit on our rental unit*
- ❖ *As we expanded by managing other people's units, the Lord blessed by allowing profits to grow faster than incremental expenses*
- Cash flow model (operating capital needs vs time, sources and costs of of capital, etc)
 - ❖ *We had enough margin in my income from secular employment to pay the expenses on our townhome. Therefore, all receipts contributed to cash flow.*
 - ❖ *Since we saved our money in order to pay cash for the townhome, we never had to borrow money for financing or operations. Note: in subsequent years, we did finance a special expansion opportunity, but cured our debt after a few years of having positive cash flow.*
- How profits will be used
 - ❖ *Since our other source of income provided for our living expenses, we were able to reinvest our profits by purchasing additional units*
 - ❖ *We also expanded by managing units for other owners.*

Financial plan (cont'd)

- **Capitalization – providing the money to get the business up and running until it can support itself**

- ◆ Lenders may be reluctant to loan you the money unless they are sure you will repay them, with interest
- ◆ Investors may be concerned about if and when their money plus their expected return on investment



Financial plan (cont'd)

Capitalization

- Lenders may be reluctant to loan you the money unless they are sure you will repay them, with interest
 - ❖ We were able to purchase the townhome with cash
- Investors may be concerned about if and when their money plus their expected return on investment
 - ❖ Though we did not need to borrow money, money is available for well-qualified buyers of vacation rental units

Operating plan



- Resources
- Customer acquisition
- Suppliers
- Employees
- Distribution plan
- Warranty
- Customer support

Operating Plan

- Resources: “What do I need to provide the product/service (space, equipment?)
 - ❖ *We needed money to pay for advertising, housekeeping, and maintenance.*
 - *In the early days, we used a room in our residence as our central office*
- Customer acquisition:
 - ❖ *We acquired customers from our advertising. Eventually, we saw considerable return business and referrals*
 - ❖ *We also affiliated with the Breckenridge Central Reservations, which provided, at a commission, a considerable percentage of our business*
 - *Housekeeping is an expense we absorb from our rental income*

- *Maintenance expenses are reimbursable from the owner*
- Suppliers: “Who, what, where, how will I get my supplies?”
 - ❖ *Since the vacation rental business is not a manufacturing enterprise, supplies are limited to office supplies. Few supplies are need within the unit; the supplies that are used (sheets, towels, toilet paper, etc) are provided by the housekeepers.*
- Employees: “Who do I need to help me?”
 - ❖ *In the very early days, we did the cleaning and maintenance our selves*
 - ❖ *Very quickly (2nd year) we were overwhelmed with the 100 mile distance form our residence to our townhome and began using third party contractors for housekeeping and maintenance*
 - ❖ *As the business grew, we hired our own reservations, housekeeping and maintenance staff, and rented office space in Breckenridge*
 - ❖ *As we continue to grow, we hired a third party housekeeping company.*
- Distribution plan: How will you get the product/service to your customers?
 - ❖ *The customers came to our unit for their rental period at their own expense*
- Warranty
 - ❖ *We guaranteed that the renter would be able to use the townhome. We did not guarantee every feature would work. In extreme case, we issued partial/complete refunds for non-serviceable situations*
- Support plan (customer service, help desk, maintenance, emergencies, returns, refurbishment
- etc): How will you interact with your customers after the purchase?
 - ❖ *Personal, 24/7 support during the rental period via phone/email to manager, who, in turn, has real-time access to housekeeper, maintenance, and to retail shops*
 - ❖ *Renter direct access to emergency service provides*



Remember that starting a business involves risk

- **Make sure you have sought the Lord and trust him for his blessing and your success**
- **Protect your family's welfare when starting your business**
- **Financing can come from savings or a variety of other places; avoid borrowing money if at all possible**
- **Be sure your spouse is in agreement**
- **Beware of adversaries and enemies who would see you fail**
- **Make sure your business is compatible with local ordinances and community sensibilities**
- **Be willing to work hard and sacrifice your time and money as problems and obstacles arise >**

Remember that starting a business involves risk: remember that starting a business involves risk. If you have a steady income but have little savings, realize that stepping out on your own may mean a considerable period of time before you have a positive cash flow. Make sure that you are properly capitalized before you begin so that you can put food on the table for your family. I believe that many businesses fail for lack of proper capitalization. They simply don't have the funds to pay their bills during the early years while they await the success of their product or service.

Avoid putting your family's welfare at risk when starting a business. For example, I would think twice before mortgaging your home in order to finance your start-up. If your business fails, your family may lose their dwelling place. It is best to set aside money for this purpose, or to raise the start-up capital from investors, such as relatives and friends.

Avoid borrowing the money if at all possible. It will put you at a

disadvantage because one of your expenses, that must be recovered by increasing your price, will be debt repayment.

This reminds us that in the module on saving our money for future opportunities, we saw that starting a business was one of them. My wife and I saved for the first 24 years of our marriage during my career at Hewlett Packard before I felt the Lord giving me the peace to proceed with starting my own business.

Do your homework to be sure you are within the boundaries set by local regulatory agencies and community standards. For example, make sure you meet zoning requirements, obtain required licenses, pay any special taxes or fees due, and consider your neighbor's interests.

Starting a business will bring change to your family's way of life. Be sure your spouse agrees with this watershed disruption and that you have the support of your family. When I did launched my own business, my wife and I had saved the capital needed to fund its operation in the early years.

Once you decide to go forward, make the change and give it everything you have. Go after it with your whole heart. Don't look back. Have the attitude that failure is not an option. And have unwavering trust that God led you this far and will graciously continue to work on your behalf to give you success. Pray that your new venture will give you added opportunities to be a witness for Jesus and that your family's faith will grow as you see God's mighty hand working on your behalf.

Government, legal, social and political issues affecting businesses

- Pay your taxes that are required
- Tax avoidance (may be good) vs tax evasion (always bad)
- Keep good records
- Operate your business with the highest level of integrity
- Stay abreast of the legal, regulatory, social and political landscape >



Government, social and political issues affecting businesses:

Let's go a little deeper into the idea of outside influences and constraints on your business.

Consider for a moment other financial issues affecting businesses. It goes without saying that we should pay the taxes that are due the government. However, if there are legal and legitimate ways of avoiding taxes, then we should do so. We must distinguish between tax avoidance and tax evasion. Tax avoidance is smart. A business should pay the minimum taxes due rather than overpay. It is better to put the extra money back into the business than to give it to the government.

However, tax evasion--not paying taxes that are due--is illegal. The Christian businessman should never be guilty of tax evasion. Keep good records for as long as required

Stay abreast of the legal, regulatory, social and political landscape.

Even though your business may have started in a favorable environment, you may face changes that will require you to adapt to new regulations and political concerns. Always look to God for wisdom as you face a changing business landscape.

Our business in Breckenridge, Colorado, faced many obstacles. People in positions of power created rules to make us fail. But the Lord always provided a way for us to adapt to these hostile forces and we navigated through a number of stormy seas.

Operate your business with the highest level of integrity. Be sensitive to the Holy Spirit so that you will walk blamelessly in an arena where cheating, greed, pettiness, fraud, and even honest mistakes are common. Don't be afraid to make right if you discover that errors have been made in the delivery of your goods or services, bookkeeping, reporting, etc. Keep in mind that you represent Christ in all you do, including the way you operate your business.

Have your books and records professionally audited periodically. There are many professional organizations that we can join; there are web sites, blogs, newsletters and other resources to which we can subscribe that will us wisdom into the various financial aspects of our company.

Don't be afraid to move forward by faith



- Prepare in advance for self-employment over a long period of time, with much prayer and planning
- Become a free man if you have the desire, the resources, and the opportunity: *Are you a slave? Don't let that worry you—but if you get a chance to be free, take it. 1 Corinthians 7:21 (NLT)*
- In 1991, at the age of 48, I claimed 1 Cor 7:21 and became an entrepreneur >

Don't be afraid to prayerfully consider entrepreneurship if God presents the opportunity: if you are an employee that has an entrepreneurial spirit, don't be afraid to prayerfully consider stepping out on your own if God presents the opportunity. I worked for Hewlett Packard for 24 years, but always had the desire to start my own business. During those years leading up to my company's formation, the verse that I claimed for this goal was 1 Corinthians 7:21. Let's read it.

"Are you a slave? Don't let that worry you—but if you get a chance to be free, take it." 1 Corinthians 7:21 (NLT)

In a sense, an employee is a servant to his master, the company. This passage says that if the servant gets an opportunity to gain his independence, he should do so. But before you step out on your own, be sure to do your homework. Talk to other entrepreneurs, research the industry, assemble your financing. Understand the requirements, the

risks, and the rewards. And pray for the Lord's guidance, favor, and blessing.

Trust God for your success



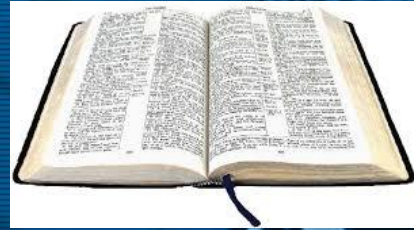
Trust God for your success

- 1 Cor 3:7 It is God who gives us success
- Proverbs 3:5-6 God will direct our paths as we seek and acknowledge Him in all our ways.

Money and business

Outline

- Scriptural teaching about business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises



Outline: We have briefly examined five aspects of biblical teaching about money and business:

- Scriptural teaching about money and business
- Business basics
- Employers and business owners
- Workers and employees
- Micro-enterprises

Biblical financial principles

A survey of Scripture

I. Introduction

II. A survey of Biblical teaching on money and wealth

III. 10 Biblical principles about money and wealth

1. God owns everything and we are His stewards
2. Worship and trust God rather than money
3. Beware of the love of money
4. God cares how we manage our money
5. Honor God by faithfully giving of our income
6. Develop a lifestyle which creates margin and save
7. Cultivate a generous heart and live sacrificially
8. Care for the poor, the weak, the oppressed, and the needy
9. Use wealth to glorify God and build treasure in heaven
10. Pursue the true riches rather than material wealth

IV. Money and your family

V. Money and the Church

VI. Money and business

VII. Money and Society

VI. Money and business: end of module