

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. Part 1 - Money and business Part 2 – Micro-enterprises

VII. Money and Society

VI. Money and business – microenterprises

: end of module

Micro-enterprises – Part 2

Owning and operating small businesses



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.

Outline

- Biblical teaching about business
- Business basics
- Micro-enterprises



Outline: This module is divided into three segments:

- 1) An examination of Scripture regarding general teaching about business,
- 2) An overview of business basics
- 3) Micro-enterprises

Part 1. 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.

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)

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.

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



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.

6. 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)

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)

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.

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>

Business basics

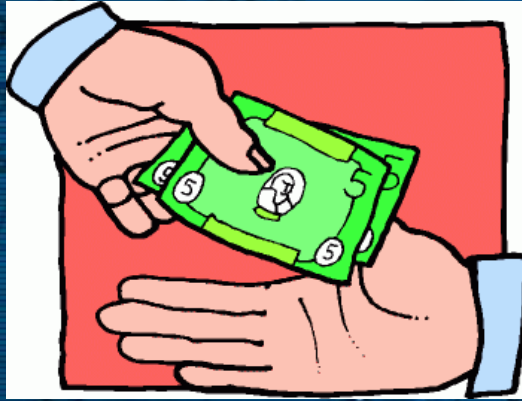
Price
Costs
Profit



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.

A. Price

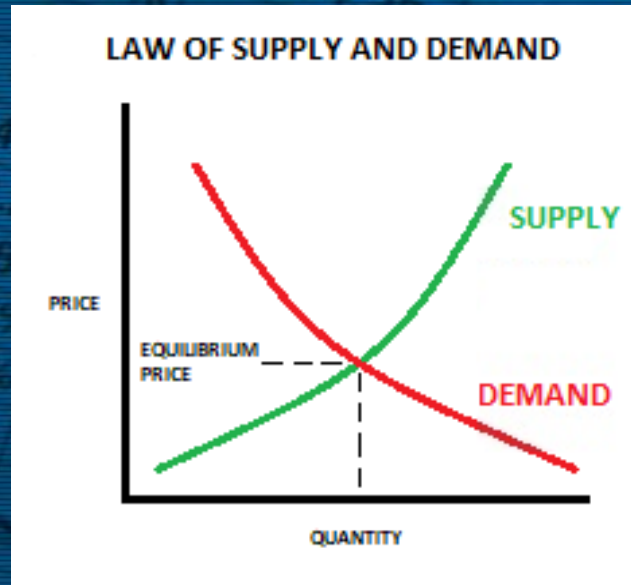
Determining the asking price for your product or service



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.

What determines the price you get?

The law of supply and demand



What determines the price you can get for your product or service? One question the businessman answer is “What should I charge for my product or service?”

The answer to that question depends on a number of factors. One of them is known in economics as the Law of Supply and Demand. It should seem reasonable that if there are many people who want a given product or services, but only a few are available, those potential buyers will bid the price up. Conversely if there are many products or services available, but only a few people that want them, the merchants of those products or services may have to lower the price in order in sell out their inventory. This principle may be illustrated in graphical form. Economists refer to this relationship between the supply of a

product and the demand for the product across a range of prices as “The law of supply and demand”.

Here's basically how it works: when the quantity available for sale of a commodity that people want to purchase goes up, the sellers of that commodity will need to reduce the price in order to sell all of the units they have produced. In other words, they hope to attract more buyers for their products or services by lowering the price. For example, if the market in a village is flooded with apples for sale in the Fall, the merchants will lower the price of the apples in order to sell their ample supply.

Conversely, when the availability of something people want is scarce relative to the number of people who want it, a bidding war results. People who want it badly enough will continue to offer more than others until the number of bidders left in the marketplace is equal to the supply. Therefore, As the supply goes down, the price goes up.

This process continues until the number of people willing to pay a certain price for a product equals the number of products available. This is referred to as the equilibrium price. When it is reached, the market is stable and all products are sold.

Other useful examples which could be discussed: the price an attorney charges for its services or what problems would result if automobiles were priced at Rs1000 each.

What determines the price you get?

The law of supply and demand

- What is the fundamental need for your product or service?
- What alternatives are there for meeting the need?
- How much do your competitors charge?
- What distinguishes your product/service from the rest?
- How could you increase the desire for your product/service?
 - ◆ Innovation – do an even better job
 - ◆ Marketing
- If you sell your product/service for 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?>

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

B. Costs

- What does it cost you to provide the service or make the product?
- **Components of costs**
 - ◆ **Cost of goods sold**
 - Your salary
 - Hired labor
 - Material costs
 - Overhead (rent, utilities, internet)
 - Equipment (amortized)
 - Packaging, shipping and delivery
 - Waste, rework, and returns
 - ◆ **Loan repayments**
 - ◆ **Taxes**

Costs

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 payments

Taxes

C. Profit

- 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 = positive number
- Loss = Sales proceeds – all costs = negative number

Profits are necessary
for the survival and
growth of 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

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.

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)

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% for other purposes, 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

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

Profits are practical

A simplistic example

- **Suppose a business starts with \$100 in capital. Further suppose that it spends all of its capital of \$100 to manufacture its product, pay its workers and all costs.**

- ◆ 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

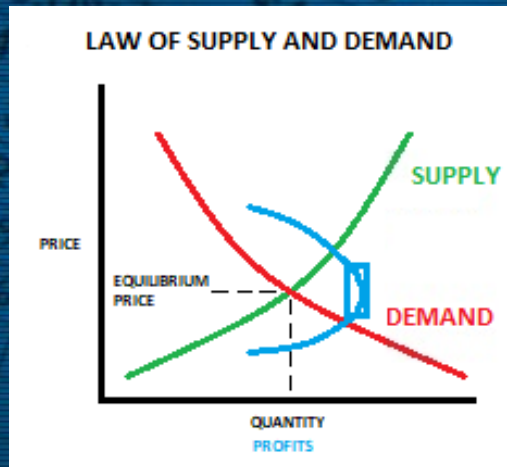
It's clear from this simple example that a company who sells a product for less than the cost to make it cannot survive. It doesn't have the capital to produce even one more unit. And there will be no investor who will continue to pour money into the company without a positive return of his capital plus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

Maximizing your profits

Higher prices do not always mean higher total profit



Maximizing your profits - Higher prices do not always mean higher total profit

“How do I maximize my profits?” This is an important question for a business owner to ask. After all, you’ve worked hard to establish your business, and have labored every day to sell your product or services. It seems reasonable that at the end of your business cycle--for simplicity let’s say it’s the end of the month--that you would have earned the greatest amount of profit possible. Let me ask the question: Which would you rather be: merchant A, who worked 8 hours a day, six days a week for the entire month and earned ₹5000 in profit for his effort or merchant B, who worked in the very same industry and spent the same amount of

time working as merchant A, but earned ₹10,000 in profit for the same effort? Everything else being equal, I would rather be merchant B. I can grow my business faster, I might use some of the profits to diversify or improve the lifestyle of my family, or make significant contributions to the Lord's work.

Keep in mind there is a difference between maximizing total sales and maximizing profitability. Increasing total sales increases total cash flow but does not always maximize your profitability. But the two are related in the sense that the equilibrium price we talked about earlier is generally somewhere in the range of prices that result in maximum profits. Here's why.

To the right of the equilibrium quantity, the price of the products or services is very high. But even though you make a higher profit on each unit, you might sell so few of them that your total profits go down. The same is true to the left of the equilibrium quantity. As the price per unit is lowered, the number you sell goes up but the margin on each unit goes down. If the drop in margin per unit more than offsets the increased number of sales sold, your total profits will decrease.

The price at which you maximize your profits is determined by creating a table of how many units you can sell at a price and what the profitability of those units are at a given price.

So there is a range of prices, represented by the blue rectangle, where the price you set and the number of units sold at that price work together so that profits are maximized. If the price you set is

out of that range, the math will show that total profits are less and may even decline steeply.

Micro-enterprises

Some characteristics



- Small businesses started by individuals, families, or small groups (typically 1-5 employees)
- Provides a needed product or service
 - ◆ Local community
 - ◆ Broader market through internet marketing
- Can be operated in a relatively small space with few employees
- Minimal government intervention
- Low startup capital requirements

Micro-enterprises:

Small businesses started by individuals, families, or small groups (typically 1-5 employees)

Advantages:

Low capital investment

Agility – adaptable to changing market conditions

Low overhead – minimal needs/costs for

Business space – low rent-may use one's own home

Utilities – if home based, energy costs are incremental

Salaried employees

Support services

Independence and control

Potential high rewards

Micro-enterprises

- **Advantages:**

- ◆ Low capital investment
- ◆ All decisions and responsibilities belong to the entrepreneur
 - Independence, control and adaptability
- ◆ Low overhead – minimal needs/costs for
 - Business space – low rent
 - Utilities
 - Salaried employees
 - Additional services and fees
- ◆ Potentially high rewards



Micro-enterprises:

Small businesses started by individuals, families, or small groups (typically 1-5 employees)

Advantages:

Low capital investment

All decisions and responsibilities are made by the entrepreneur

Because of his ownership of the business, he has full operating independence, control over decisions, and can be agile, quickly adapting to changing market conditions

This could be a disadvantage as well (next slide)

Low overhead – minimal needs/costs for

Business space – low rent-may use one's own home or yard; may be able to rent a field or use an abandoned building at a discounted price

Utilities – if home based, energy costs are incremental and therefore may not be burdensome

Salaried employees – may not be needed if the entrepreneur is willing to learn and work hard

Support services – the need for support services to make the enterprise a success should be thoroughly investigated up front. Unexpected services can eat into profits. Support services may include product preparation for the market place, transportation, cost of returns, governmental fees. By investigating these additional services up front, their costs can be factored into your market price.

Independence and control

Potential high rewards

Micro-enterprises

- **Disadvantages:**
 - ◆ Hard work and long hours
 - ◆ May need to gain broad expertise
 - Manufacturing
 - Purchasing
 - Marketing (communications, competition, sales and service, accounting, distribution, government regulations, etc)
 - ◆ All decisions and responsibilities are made by the entrepreneur
 - Feeling of loneliness and isolation
 - Inadequate experience to decide wisely
 - ◆ Risk of failure
 - ◆ Start up resources can be hard to find



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

Some 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

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

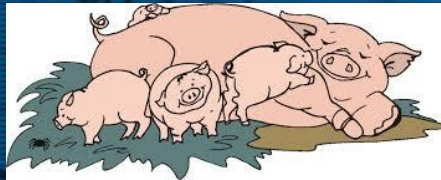
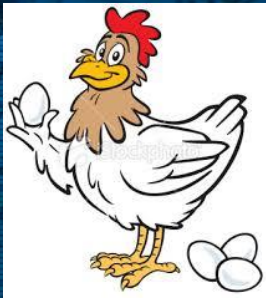
Crops that are lightweight and can be carried by bicycle into villages

- Turmeric, ginger, garlic, mustard, etc

Micro-enterprises

- **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

- **Shops**

- ◆ Small petty shops
- ◆ Tea stalls
- ◆ Bicycle repair shops
- ◆ Beauty shops
- ◆ Clothing shops (eg, saris, sandals)
- ◆ Brick-making
- ◆ Solar lighting
- ◆ Water filtration devices
- ◆ Efficient cooking stoves



Micro-enterprises

Mico-enterprises

Small businesses requiring low capital investments

Family operated

Examples include

- Small petty shops
- Tea stalls
- Bicycle repair shops
- Well repair
- Cell phone repair
- Brick-making

Micro-enterprises

- **Crafts**
 - ◆ Handicrafts
 - ◆ Knitting
 - ◆ Baby items



Micro-en

Examples (continued)

Crafts

Handicrafts

Knitting

Baby items

Micro-enterprises

- **Services**

- ◆ Well repair
- ◆ Cell phone repair
- ◆ Tutoring
- ◆ Computer training
- ◆ Web design



Acknowledgements:

Bibles for the World, Colorado Springs, CO, USA

Foundation for International Research and Education, Colorado Springs, CO USA

Micro-enterprises

Services

Well repair

Cell phone repair

Tutoring

Computer training

Web design



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

Micro-enterprises

Services (continued)

Rent out rooms overnight in your hom

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

How to start a micro-enterprise

Planning is important

- **Honestly understand your motivation**
 - ◆ Will this be your sole source of income?
 - ◆ Do you need to be bi-vocational (eg pastors and evangelists) to supplement salary?
 - ◆ Is this for extra income (eg, to fund future needs and opportunities, major purchases, parental care, generosity (Blessings Fund), education, retirement, vacation, etc)?
- **Diligently do your research**
 - ◆ Begin praying now
 - ◆ Learn basic business concepts
 - ◆ Talk to successful owners of other microenterprises
 - ◆ Understand your own capabilities, limitations, and resources

How to start a micro-enterprise

Motivation

Sole source of income

Bivocational (eg pastors and evangelists) to supplement salary

Extra income (eg, to fund future needs and opportunities, major purchases, parental care, generosity (Blessings Fund), education, retirement, vacation, etc)

Mission statement – written

Describe the product or service, its benefit, and the target market

Values you will provide to your customers (benefits,

quality, customer service, price/performance, timeliness,
etc)

How to start a micro-enterprise

Planning is important

- **Develop a list of ideas and possibilities**
- **Narrow it down to 1-3 finalists**
- **Write out your plan for each finalist**
 - ◆ Mission statement
 - ◆ Business plan
 - ◆ Operating plan
 - ◆ Financial plan

How to start a micro-enterprise

Motivation

Sole source of income

Bivocational (eg pastors and evangelists) to supplement salary

Extra income (eg, to fund future needs and opportunities, major purchases, parental care, generosity (Blessings Fund), education, retirement, vacation, etc)

Mission statement – written

Describe the product or service, its benefit, and the target market

Values you will provide to your customers (benefits,

quality, customer service, price/performance, timeliness,
etc)

Starting a micro-enterprise (cont'd)

- **Define your mission**

- ◆ **What is the purpose of your business?**
Describe the product or service, the need it satisfies, its benefit, and your target market
- ◆ **Why your is your product/service needed**
Describe the need your product satisfies
- ◆ **What separates your product from others that are similar? Describe the features and benefits that set it apart.**
- ◆ **What value do you provide? Describe what will cause your customers to choose choose your product. Examples include quality, customer service, price/performance, competitive advantages, delivery, warranties, etc)**



How to start a micro-enterprise

Mission statement – written

Why the product/service: Describe the product or service, the need it satisfies, its benefit, and your target market

Why your product/service: Describe the values you will provide to your customers (quality, customer service, price/performance, competitive advantages, timeliness, etc)

Starting a micro-enterprise (cont'd)



- **Write your business plan**
 - ◆ Where will I sell my product/service?: The geographical area you will serve
 - ◆ How will you get the word to your customers?: (eg, media advertising, salesmen, direct mail, website, social media, Amazon, etc)
 - ◆ How will you deliver your product/service
 - ◆ How quickly will you deliver your product/service
 - ◆ Who else is in this space (competitive analysis)
 - ◆ Support plan (guarantees and warranties, training, returns, refurbishment, etc)

How to start a micro-enterprise

Business plan – written

Where will I sell my product/service?: The geographical area you will serve

What is my product/service?: (Products, pricing)

Who needs/wants my product/service?:
Demographics of your target market

How will I get the word to my customers?:
advertising (sales people, flyers, brochures, website, social media, Amazon, etc)

Who else is in this space (competitive analysis)

Support plan (guarantees and warranties, training,

returns, refurbishment, etc

Starting a micro-enterprise (cont'd)



- **Understand how to operate your business over the long-haul**

- ◆ **Resources:** "What do I need to provide the product/service (space, equipment?)
- ◆ **Suppliers:** "Who, what, where, how will I get my supplies?"
- ◆ **Employees:** "Who do I need to help me?"
- ◆ **Distribution network:** "How will I get the product/service to customers?"
- ◆ **Consider the need for middle men, which could reduce your profits and cost you some control**
- ◆ **Support team:** how will you interact with your customers after the purchase/

How to start a micro-enterprise

Operating Plan - written

Resources: "What do I need to provide the product/service (space, equipment?)

Suppliers: "Who, what, where, how will I get my supplies?"

Employees: "Who do I need to help me?"

Distribution plan: "How will I get the product/service to customers?"

Starting a micro-enterprise (cont'd)

- **Develop a realistic financial plan**
 - ◆ Capitalization (Do you need a loan or a business partner?)
 - ◆ Profit-loss model (Profit = Sales price – (manufacturing costs + marketing costs + O/H + support costs + taxes/fees)
 - ◆ Cash flow model (operating capital needs vs time, sources and costs of of capital, etc)
 - ◆ How profits will be used



How to start a micro-enterprise

Financial plan - written

Profit-loss model (Profit = Sales price – (manufacturing costs + marketing costs + O/H + support costs + taxes/fees)

Cash flow model (operating capital needs vs time, sources and costs of of capital, etc)

How profits will be used

Starting a micro-enterprise (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
 - ◆ Since outside start-up capital may not be available, start saving now so you can be your own lender



How to start a micro-enterprise

Financial plan - written

Profit-loss model (Profit = Sales price – (manufacturing costs + marketing costs + O/H + support costs + taxes/fees)

Cash flow model (operating capital needs vs time, sources and costs of capital, etc)

How profits will be used



Remember that starting a business involves risk

- Make sure you have sought the Lord
- Talk it over with your spouse, family, and trusted friends
- Don't put your family's future welfare at risk
- Don't start your business before you have provided for your family
- Financing can come from savings or a variety of other places; avoid borrowing money if at all possible
- Be willing to take sacrifice discretionary time and money
- Trust in God for his blessing and success >

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. However, I would avoid putting my 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.

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. When I did launch my own business, we had saved the capital needed to fund its operation in the early years. Be sure your spouse agrees with this watershed change in the life and support of your family. And once you make the change, 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.



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
- Stay abreast of the legal, regulatory, social and political landscape >

Government, social and political issues affecting businesses:

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 and stay abreast of the legal, regulatory, social and political landscape. 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 prayerfully consider entrepreneurship if God presents the opportunity

- 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 1979, my wife and I began a small business on the side while working full time for an electronics company
- In 1991, at the age of 48, I claimed 1 Cor 7:21, left my full-time employment, and became an entrepreneur—and God blessed this step of faith >

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. 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.

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)
- Home builder (investments)
- Real estate broker
- Property investor and manager (2nd career)



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

Trust God for your success



Trust God for your success

1 Cor 3:7

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. Part 1 - Money and business Part 2 – Micro-enterprises

VII. Money and Society

VI. Money and business – microenterprises

: end of module