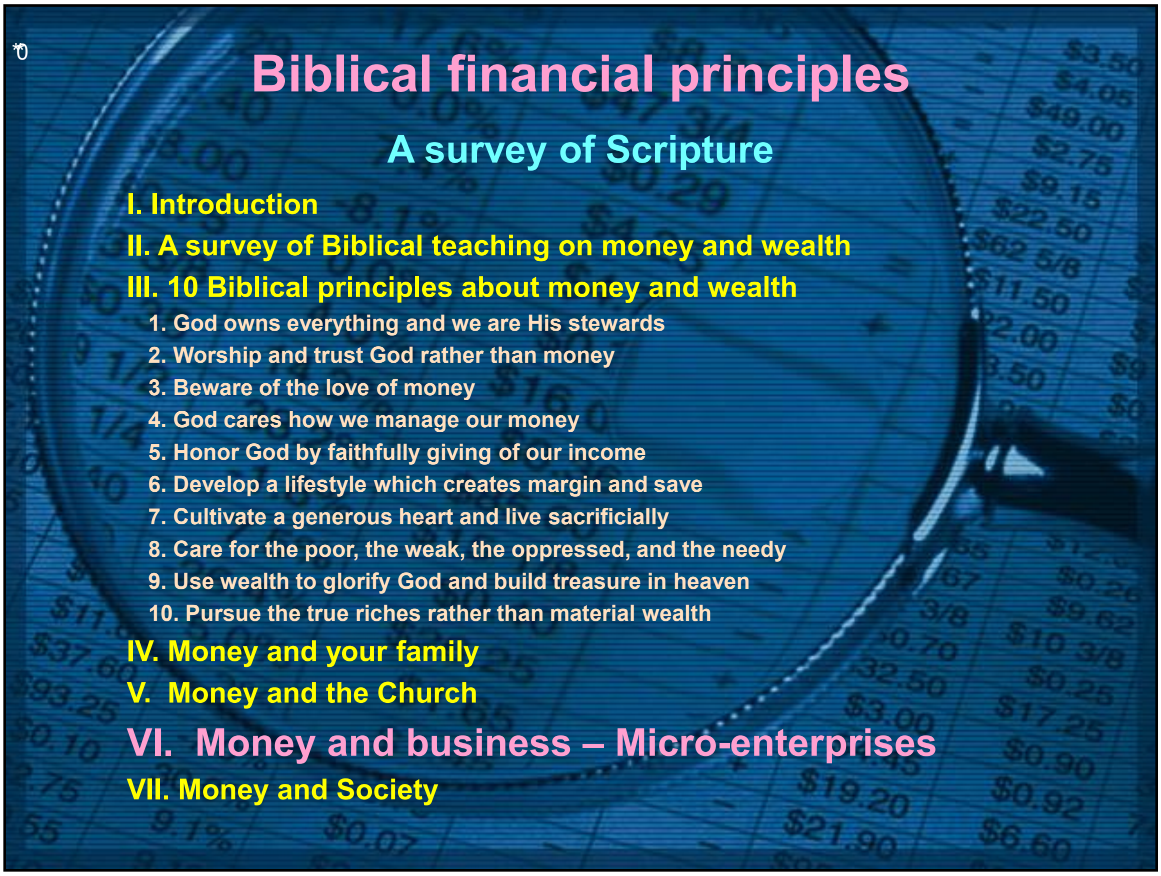
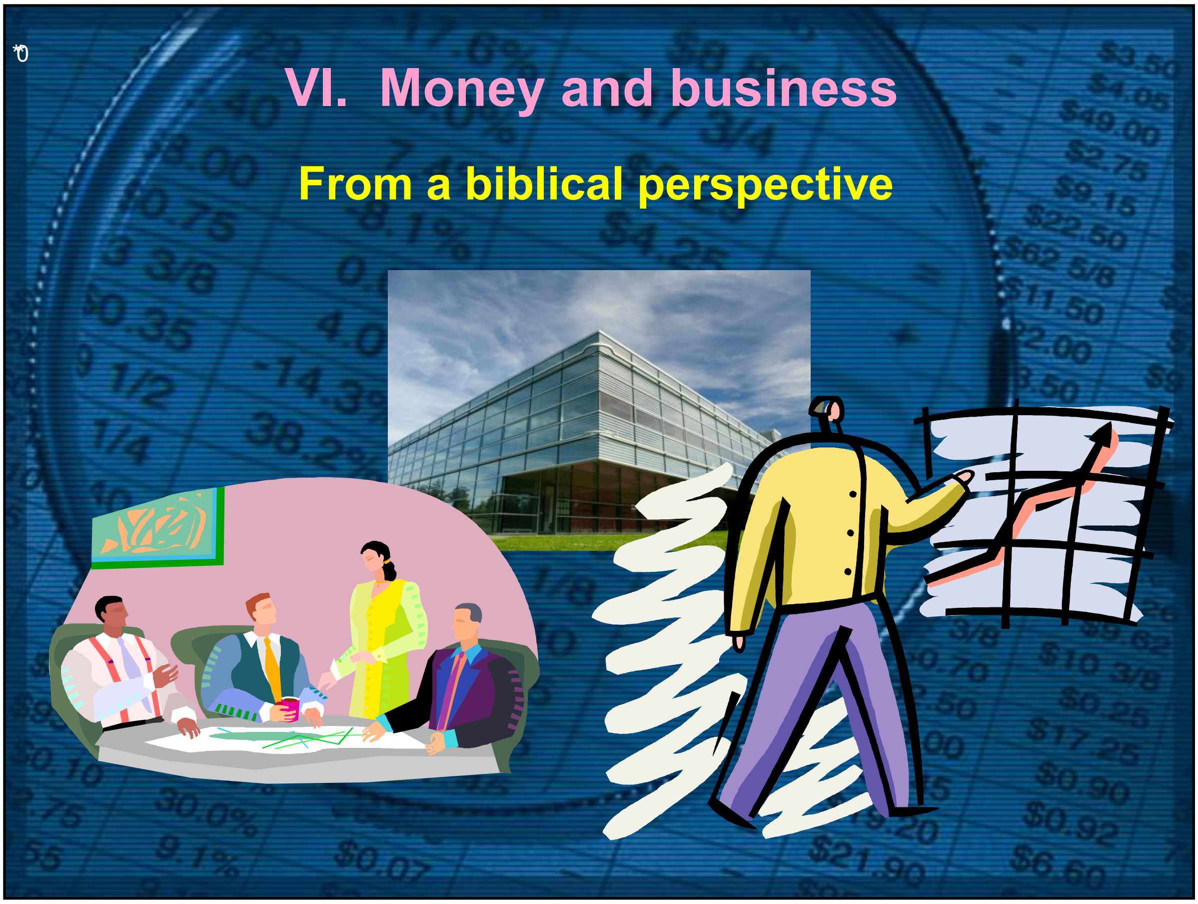
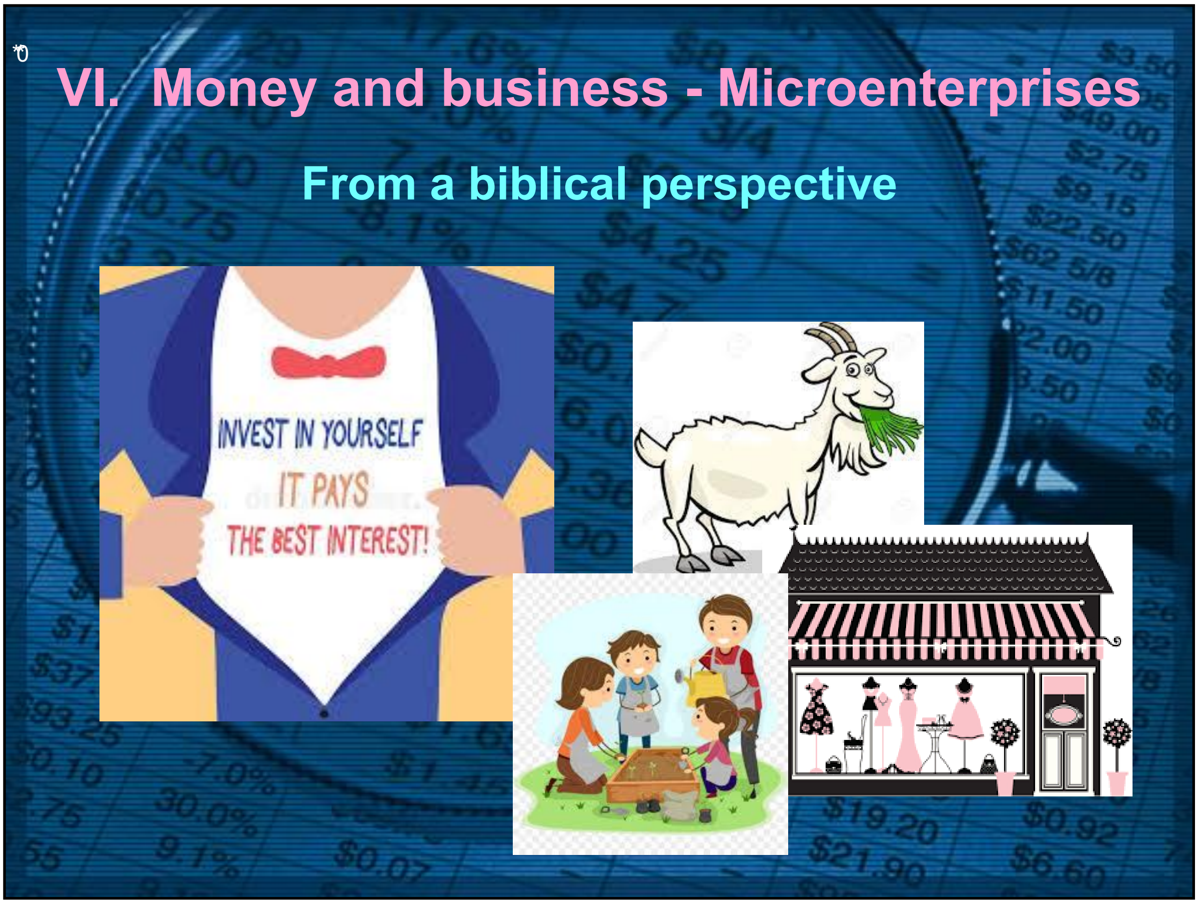


VI. Money and business: this module examines scriptural teaching about money as it relates to business and commerce. After examining scriptural passages pertaining to business and establishing general biblical principles, we'll look at the specific area of micro-enterprises or small family businesses.

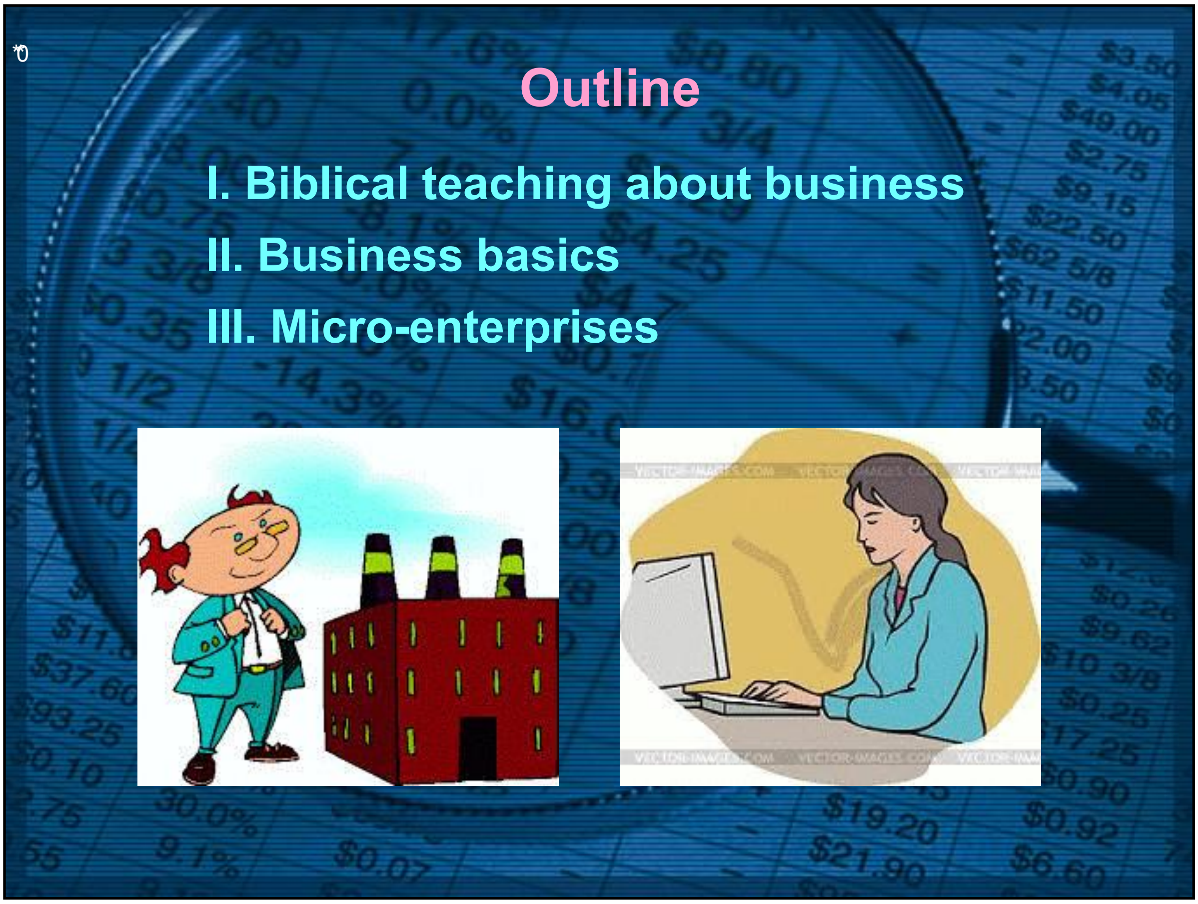


VI. Money and business: let’s consider the subject of business from a biblical perspective



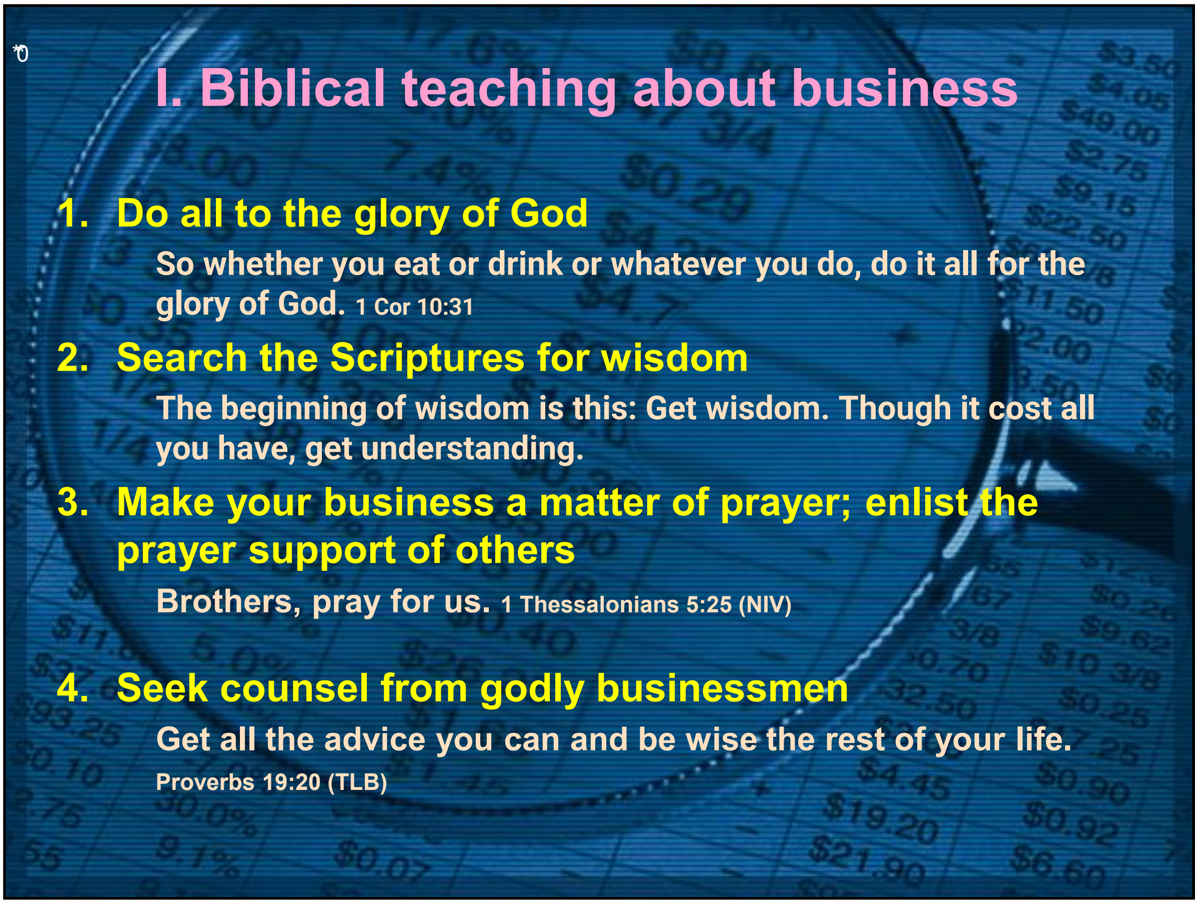
Let's talk about small businesses – Micro-enterprises. I understand that there are many business opportunities within India. A Micro-enterprise might be a way for many individuals and even small villages to create small businesses to provide needed or extra income.

This study is intended to provide an overview into the subject. It will enable you to have a discussion with people who have an entrepreneurial spirit and who are considering starting a small business You will be able to point out information they will need and perhaps guide them to experts in the field they could consult.



Outline: This module is divided into three segments:

A. An examination of Scripture regarding general teaching about business,
B. An overview of business basics
C. Micro-enterprises

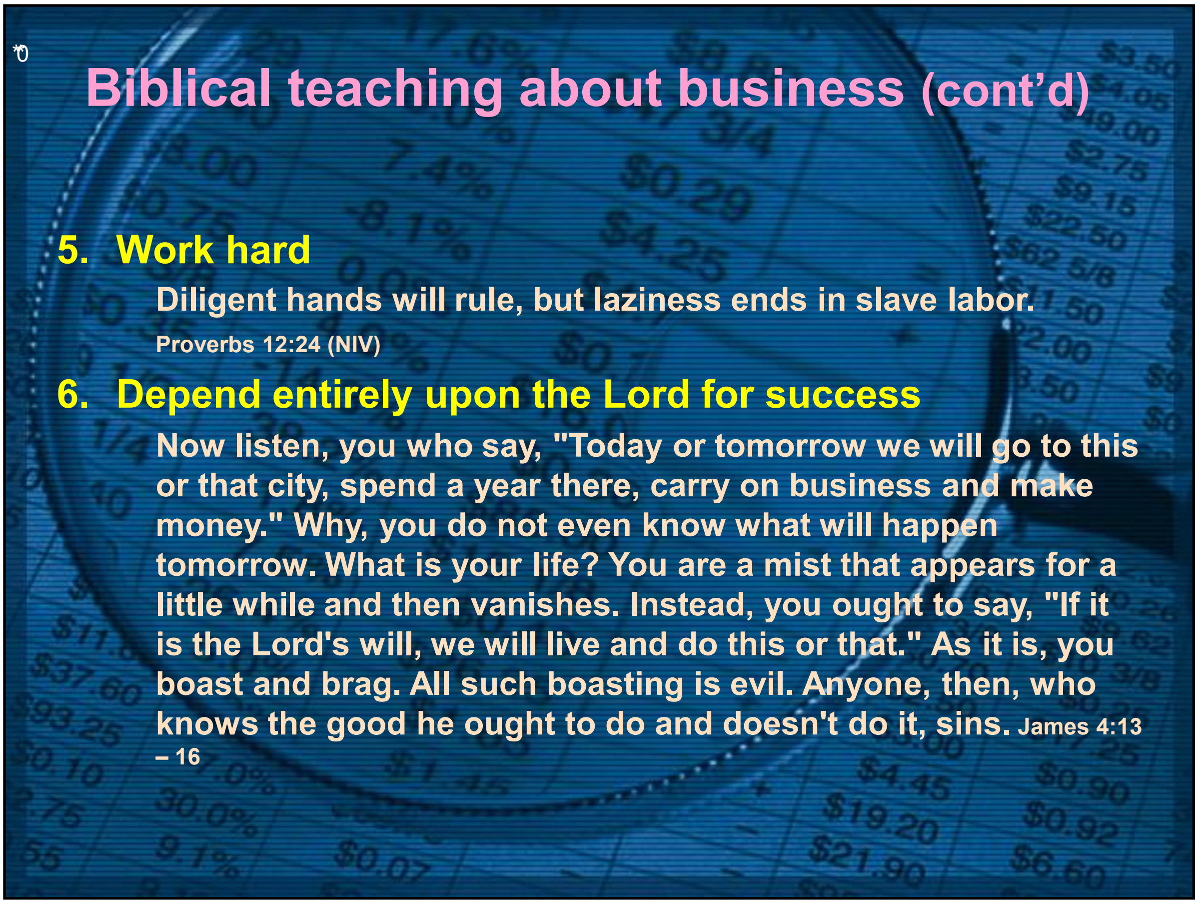


A. Biblical philosophy of business: There are some principles in the Bible that can be applied to the area of commerce. We will examine some of them, and begin to construct a biblical philosophy of business. It will not be comprehensive by any means. However, the Scriptures do inform us on many aspects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

1. Seek counsel from godly businessmen: “Get all the advice you can and be wise the rest of your life.” Proverbs 19:20 (TLB)

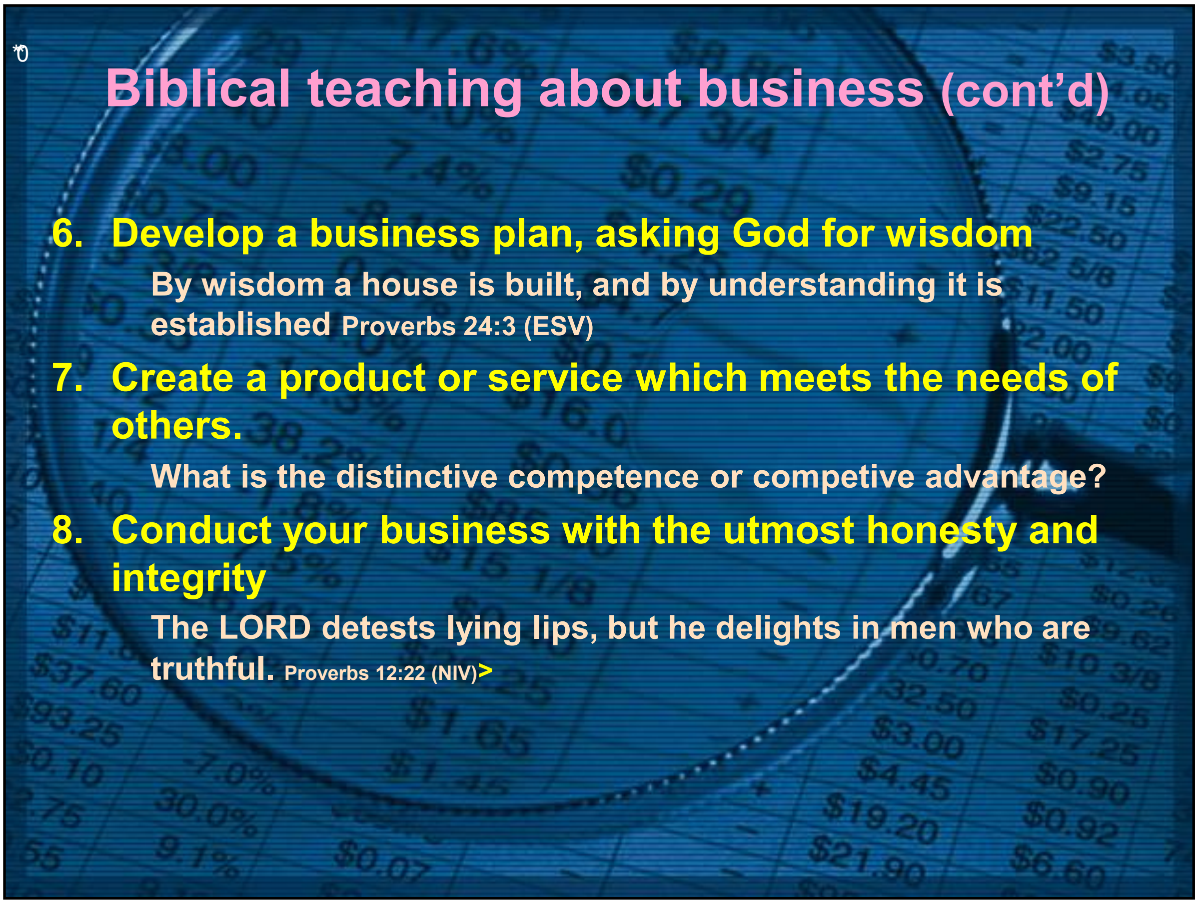
As with every endeavor in life, we want to do all to the glory of God, seeking his will through Bible study, prayer, and the counsel of godly people. It is the same with running a business. The Christian businessman seeks to ultimately please God with his enterprise. He depends entirely upon God for his success. Let’s consider James 4:13-16.



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



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.

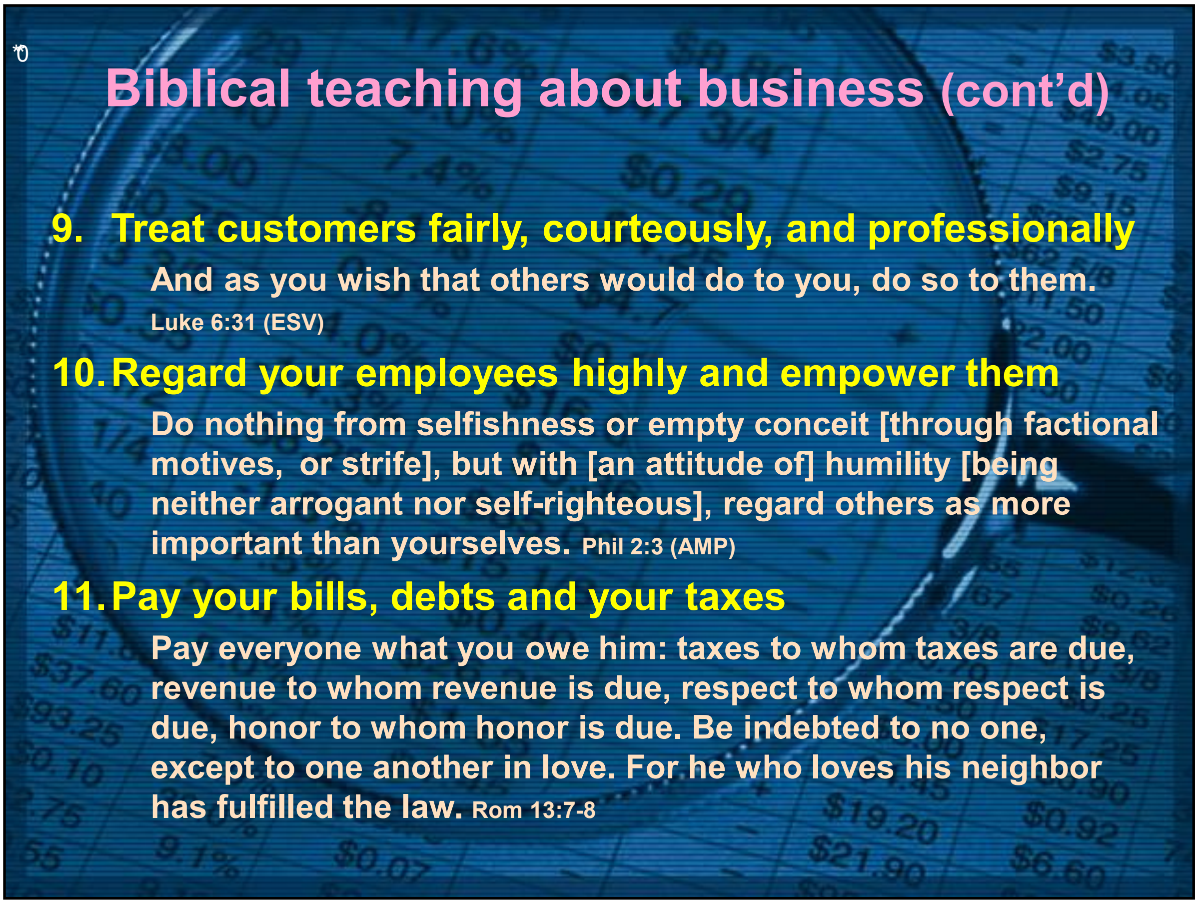
However, we will deal with some of its component principles, especially those that are found in Scripture.

6. **Create a product or service which meets the needs of others:** What is the distinctive competence or competive 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)

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

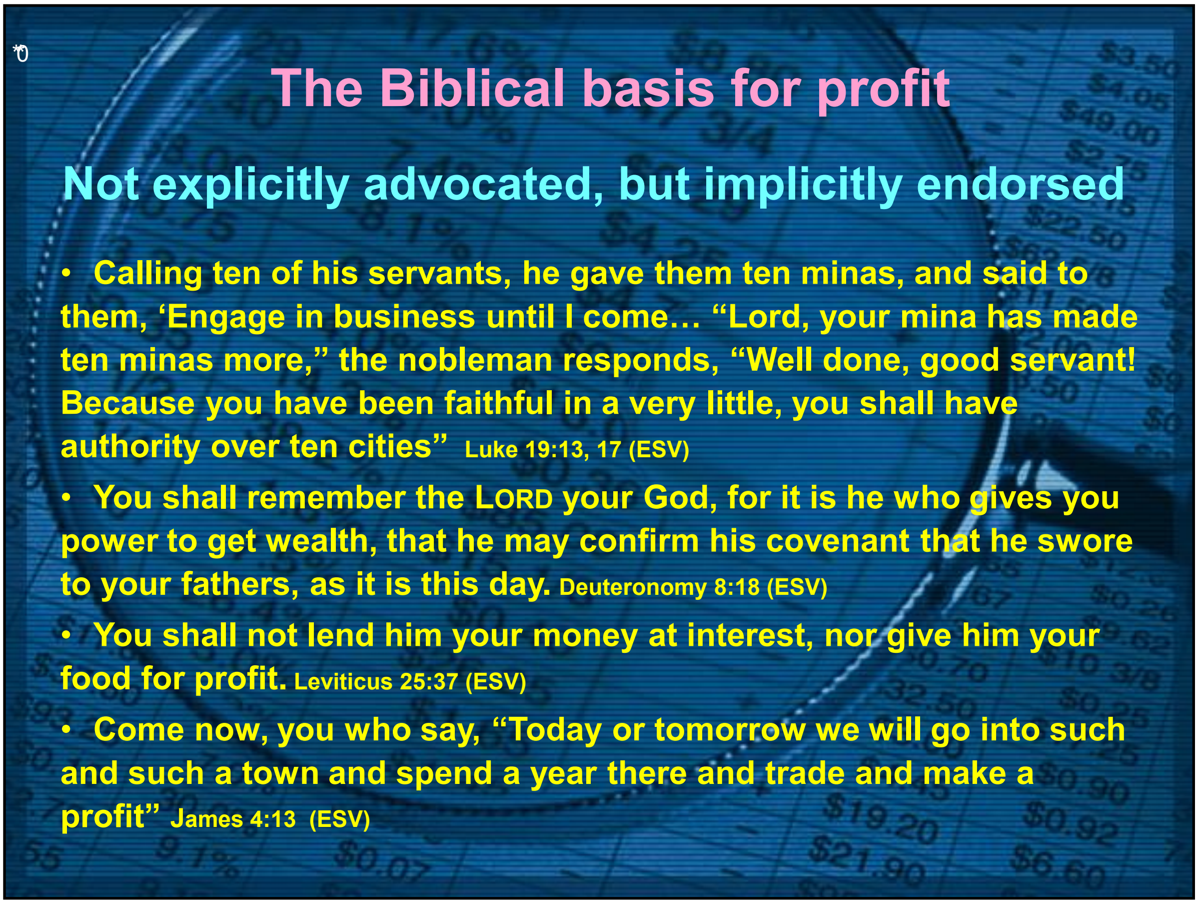
•Understand your product, market, competition

•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>

Let's briefly talk about a critical element of business success: **Profit**: 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.



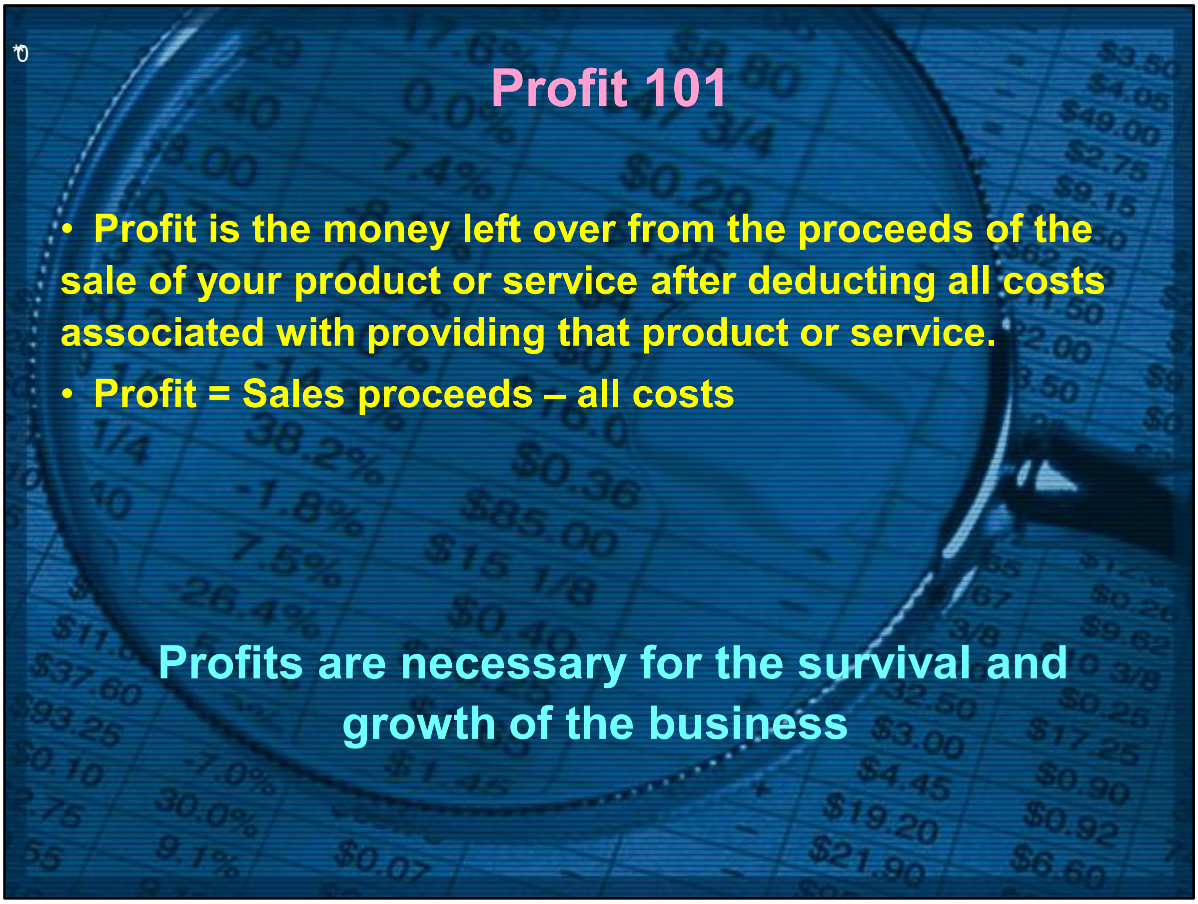
The biblical basis for profit: although the Bible does not seem to address business profitability explicitly, there are many scriptures which imply that it is both honorable and necessary Thus, besides common-sense understanding, it can be argued from Scripture that profitability is a legitimate goal 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)

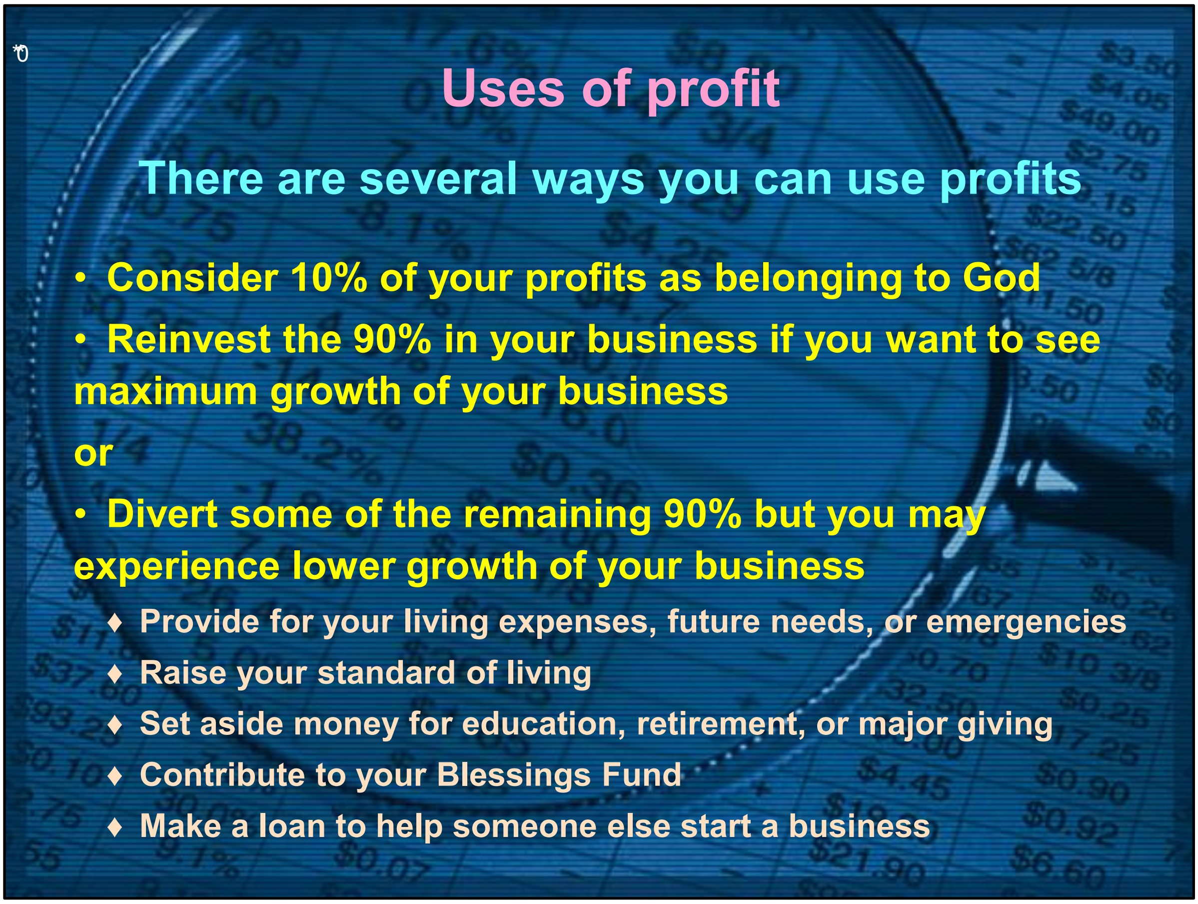


Profit 101

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

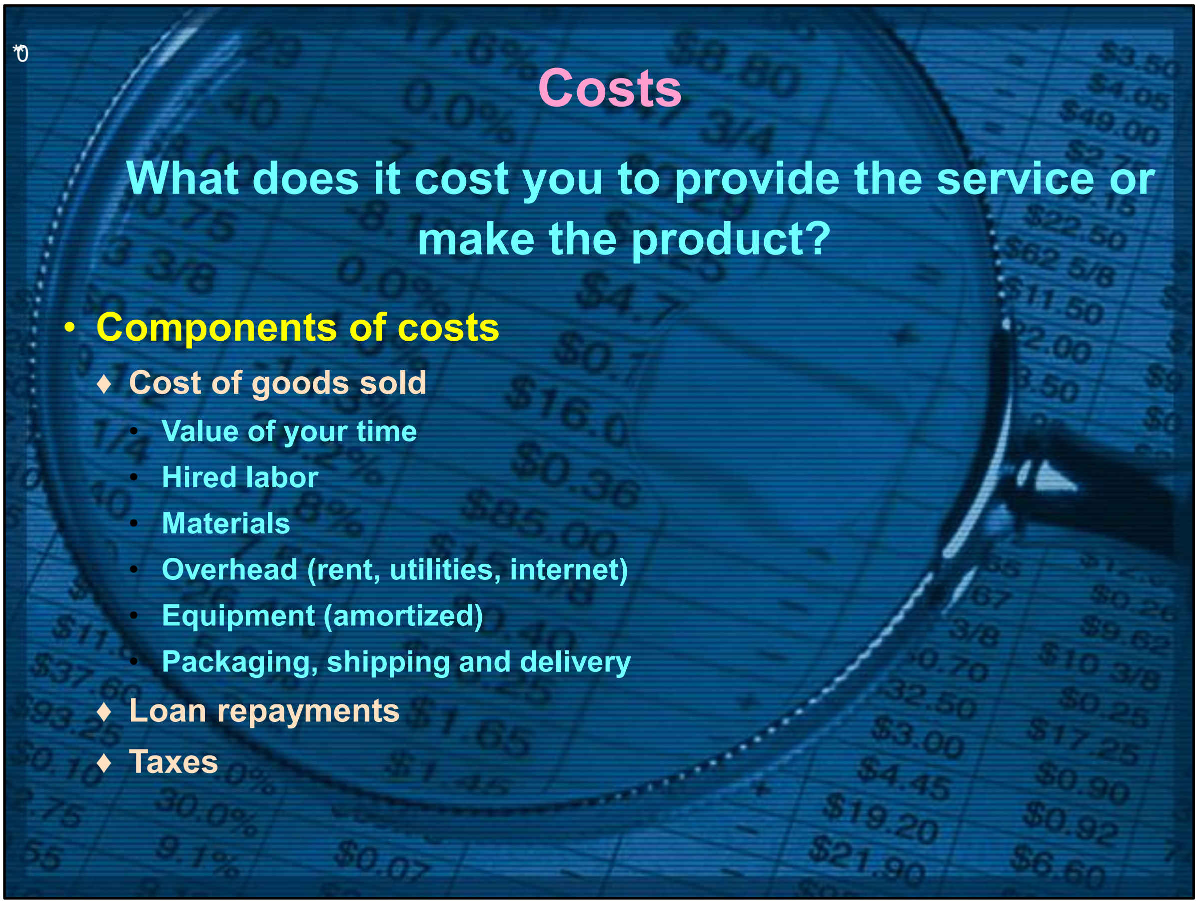
or

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

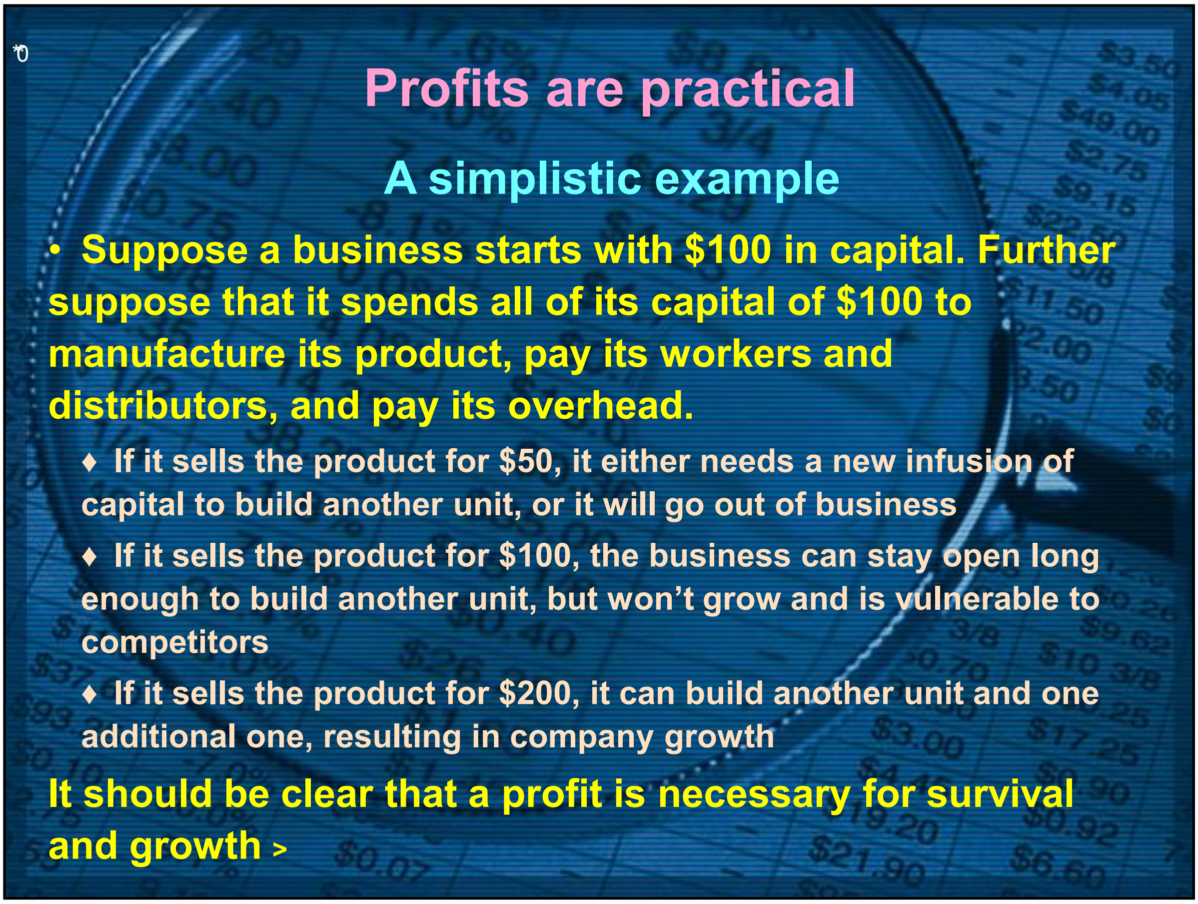


Costs. What does it cost you to provide the service or make the product?

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



Profit are practical – a simplistic example: 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

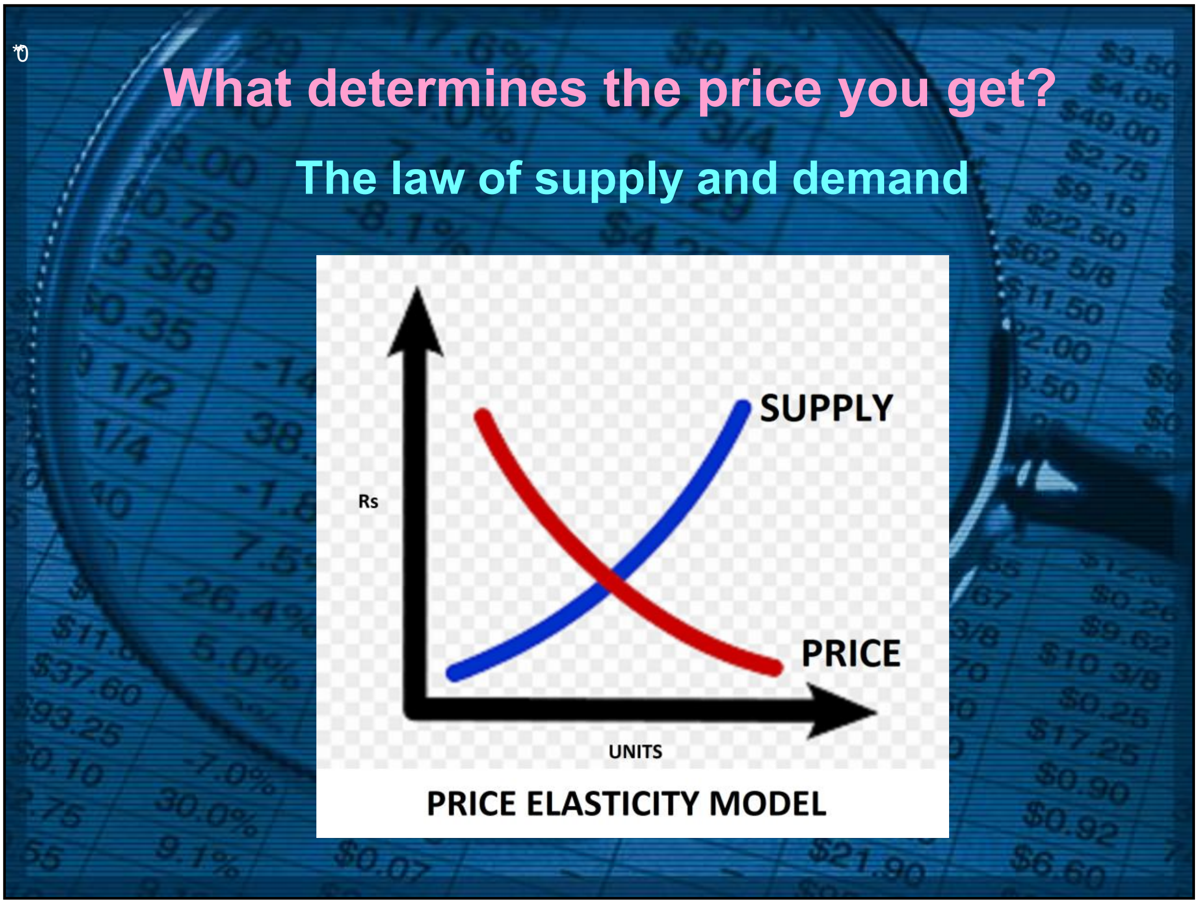
•If it sells the product for $100, the business can stay open long enough to build another unit, but won't grow

•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.

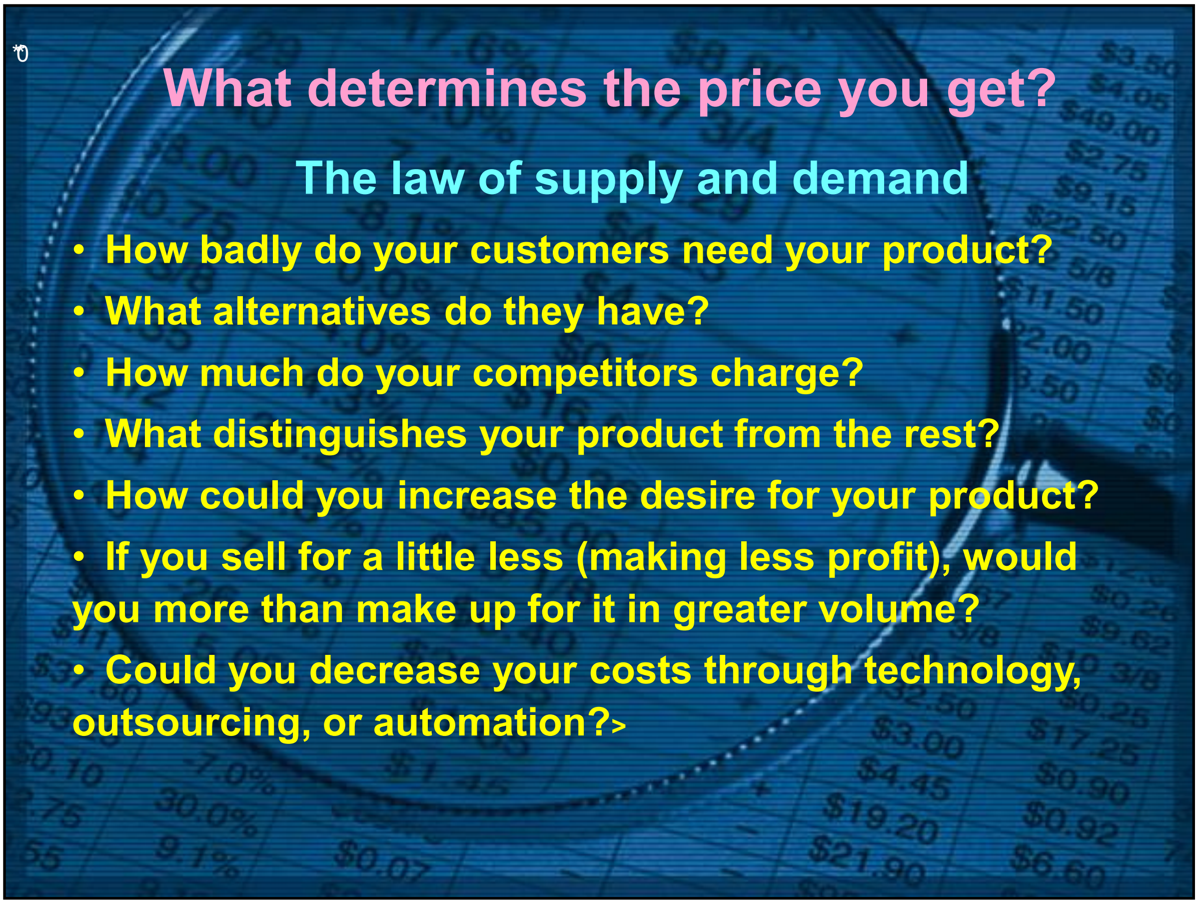
A company who just breaks even by selling the product for what it had in it may survive for a while but will not grow. A break-even company is one whose contribution to the marketplace will be limited, it will not be able to diversify or make product innovations and it will become vulnerable to healthy 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



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 off people willing to pay a certain price for a product equals the number of products available. This produces an equilibrium and a stable market.



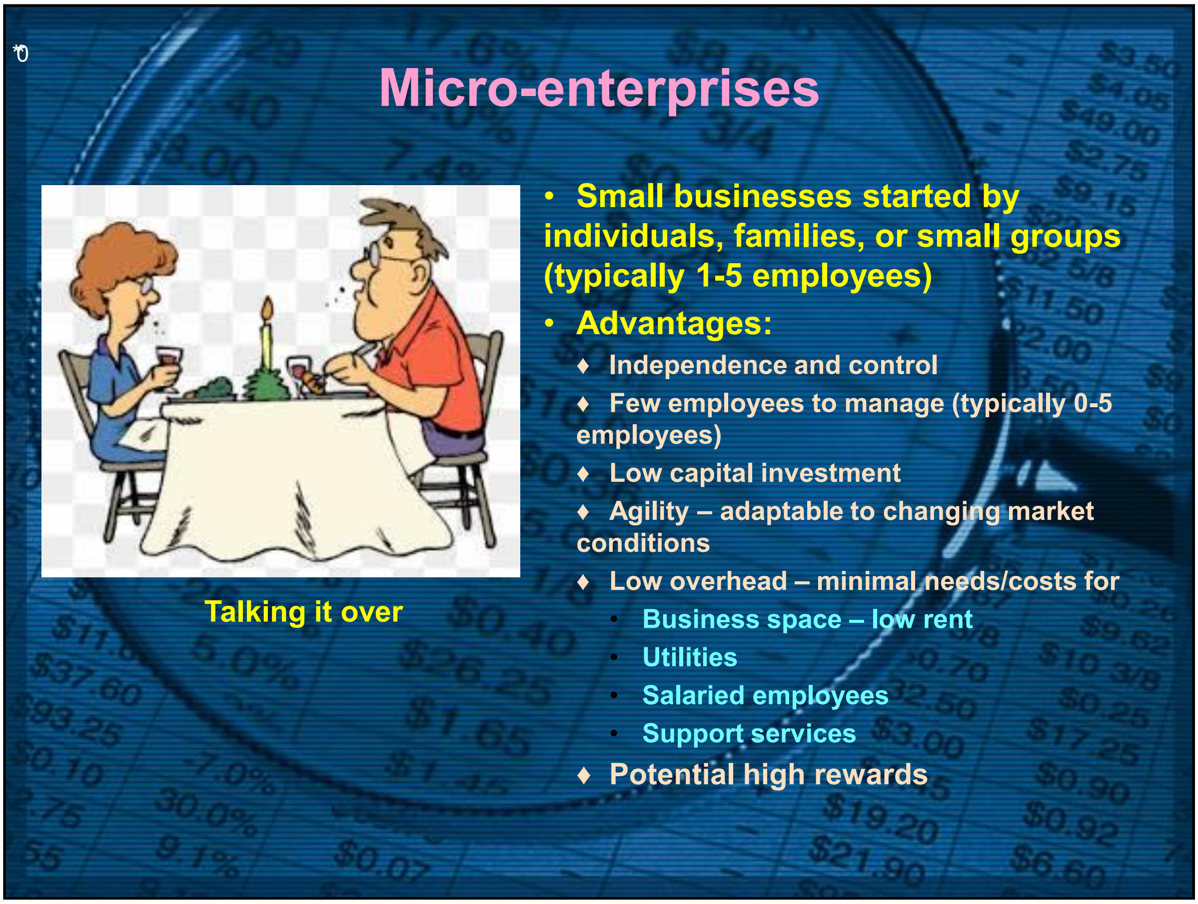
Who determines the price you get? – The law of supply and demand:

- 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?>

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



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
  - Utilities
  - Salaried employees
  - Support services

Independence and control

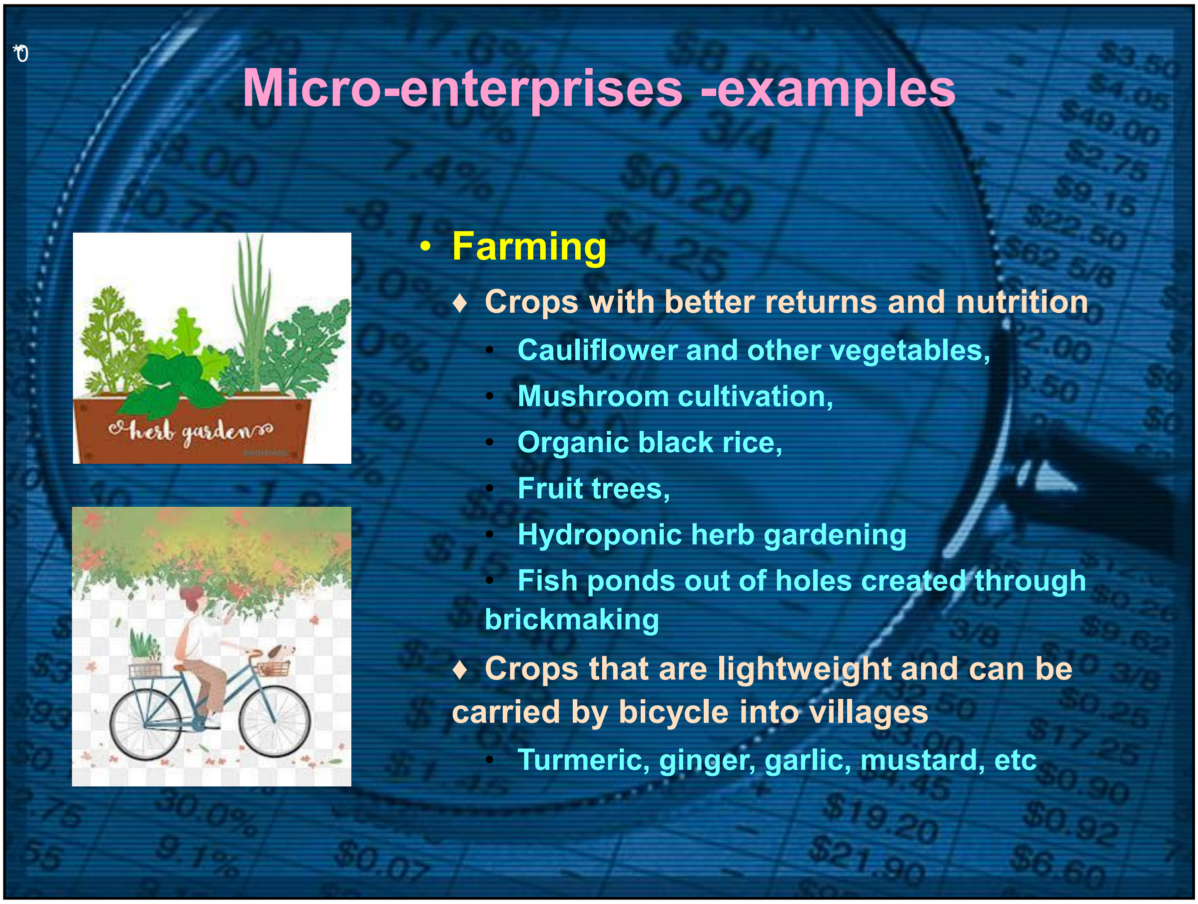
Potential high rewards

Micro-enterprises

Disadvantages:

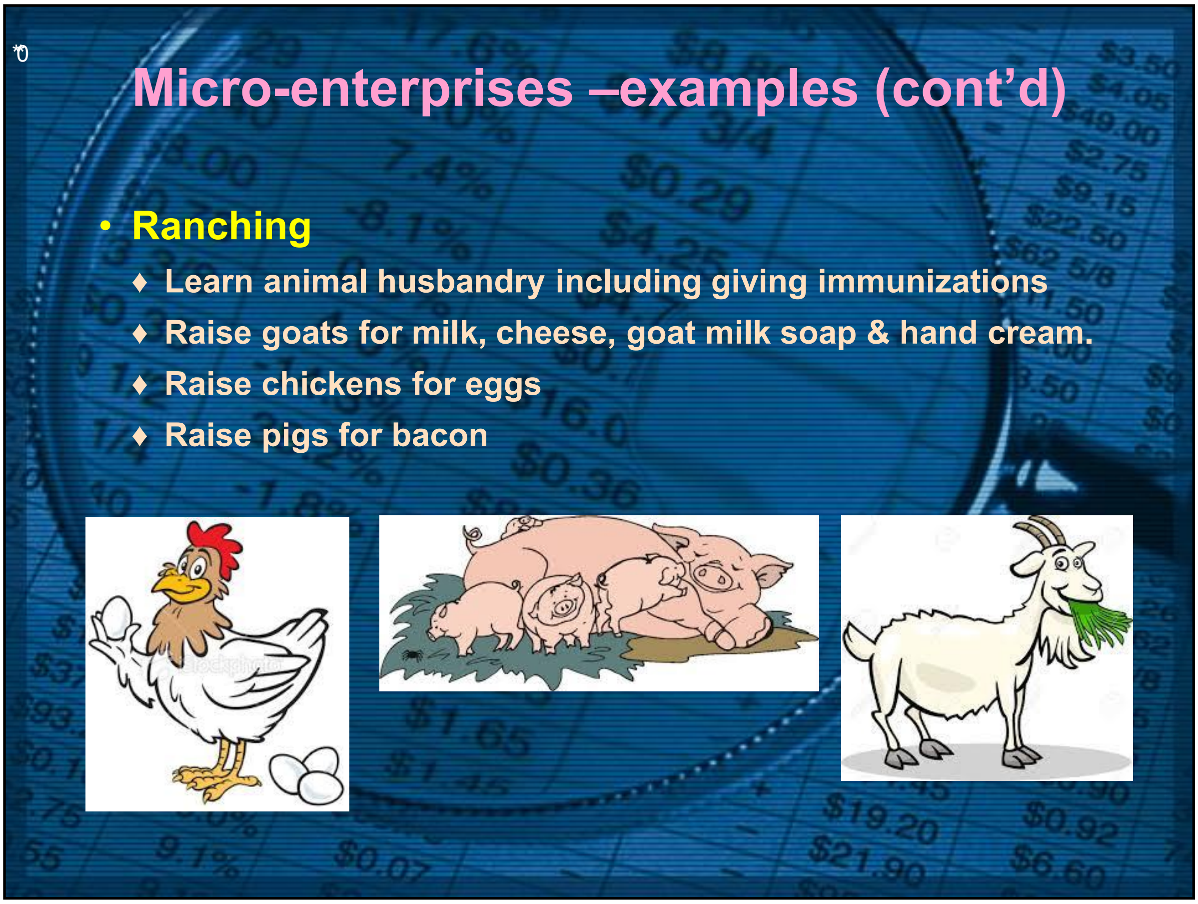
- Hard work and long hours
- Need to gain broad expertise
    - Manufacturing
    - Purchasing
    - Marketing (communications, competition, sales and service, accounting, distribution, government regulations, etc)
- All decisions and responsibilities made by the entrepreneur
- Feeling of loneliness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

- Resources can be hard to find



Micro-enterprises

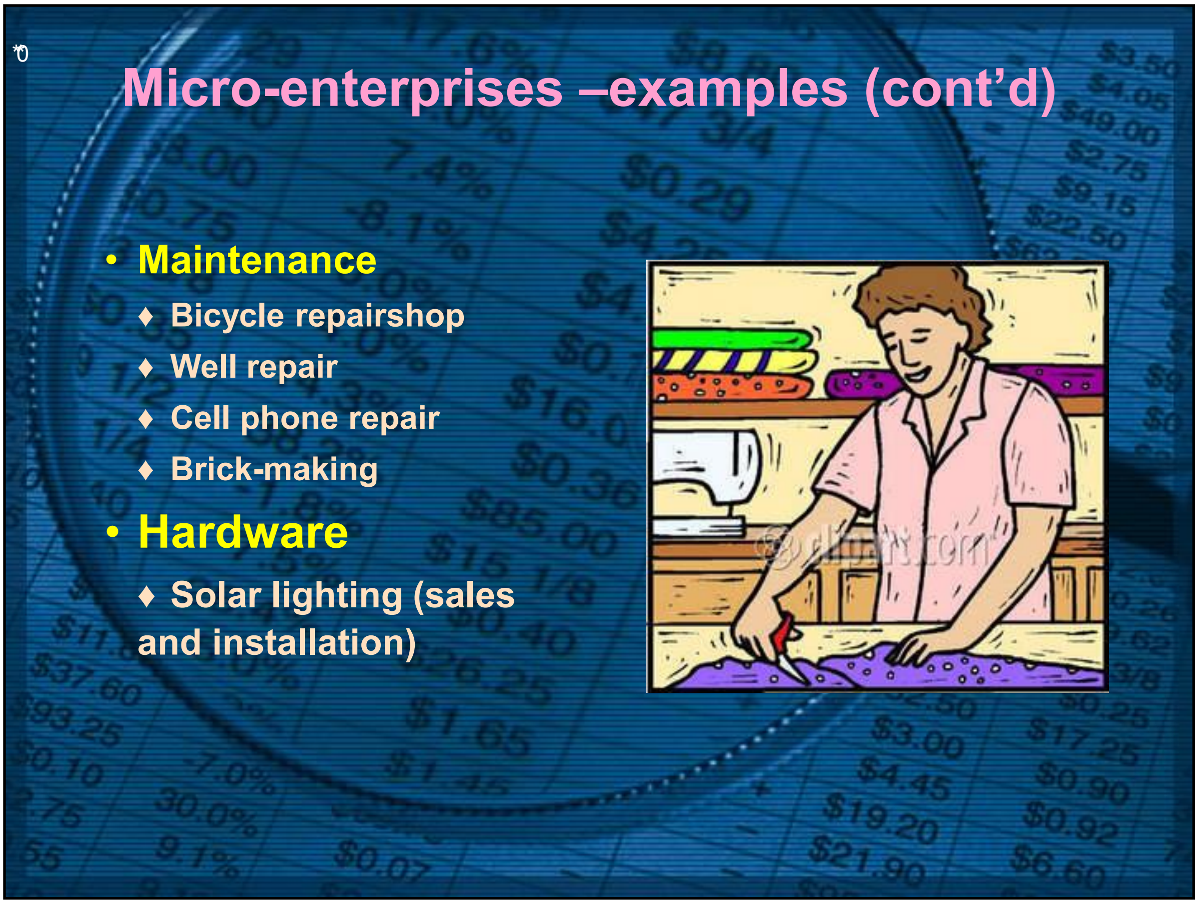
- Farming
- Crops with better returns and nutrition
  - Cauliflower and other vegetables,
  - Mushroom cultivation,
  - Organic black rice,
  - Fruit trees,
  - Hydroponic herb gardening
  - Fish ponds out of holes created through brickmaking
- Crops that are lightweight and can be carried by bicycle 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

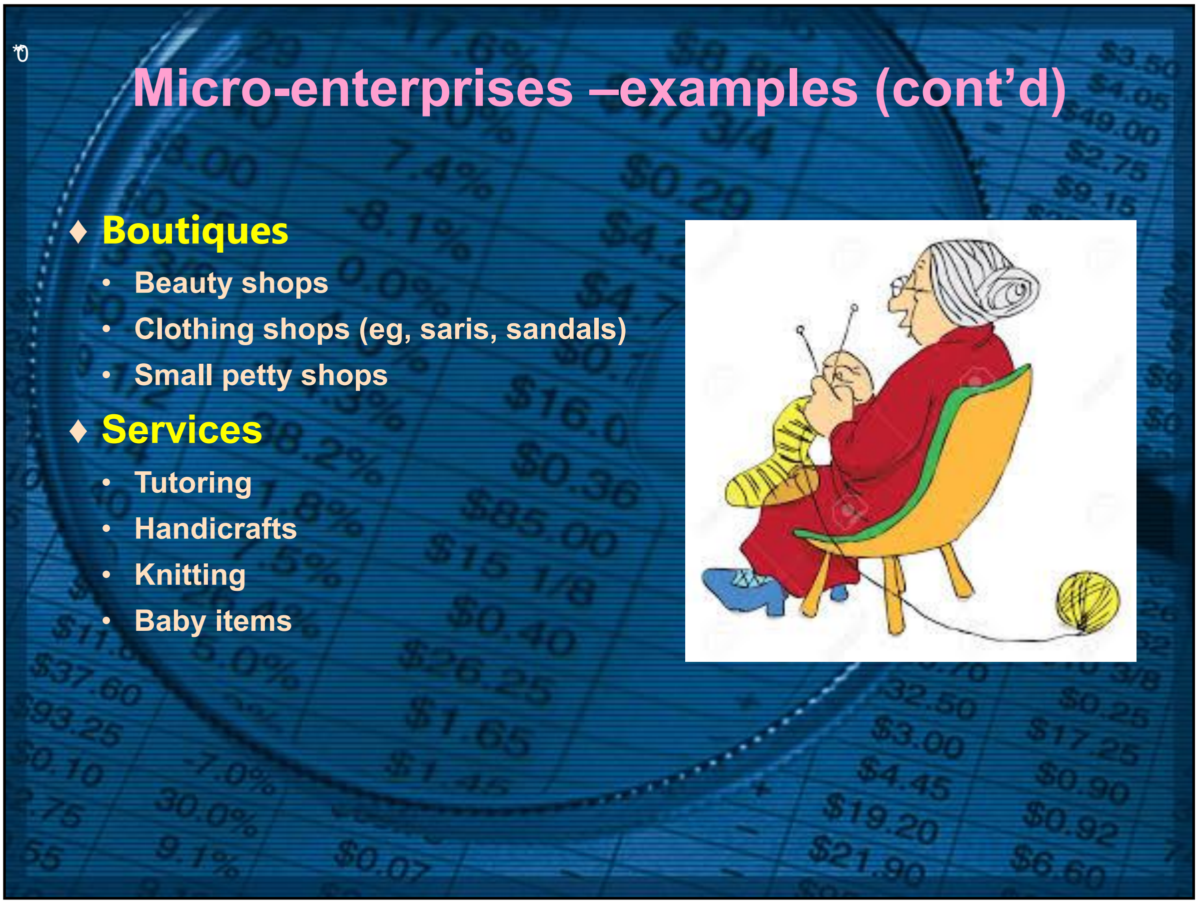


Micro-enterprises

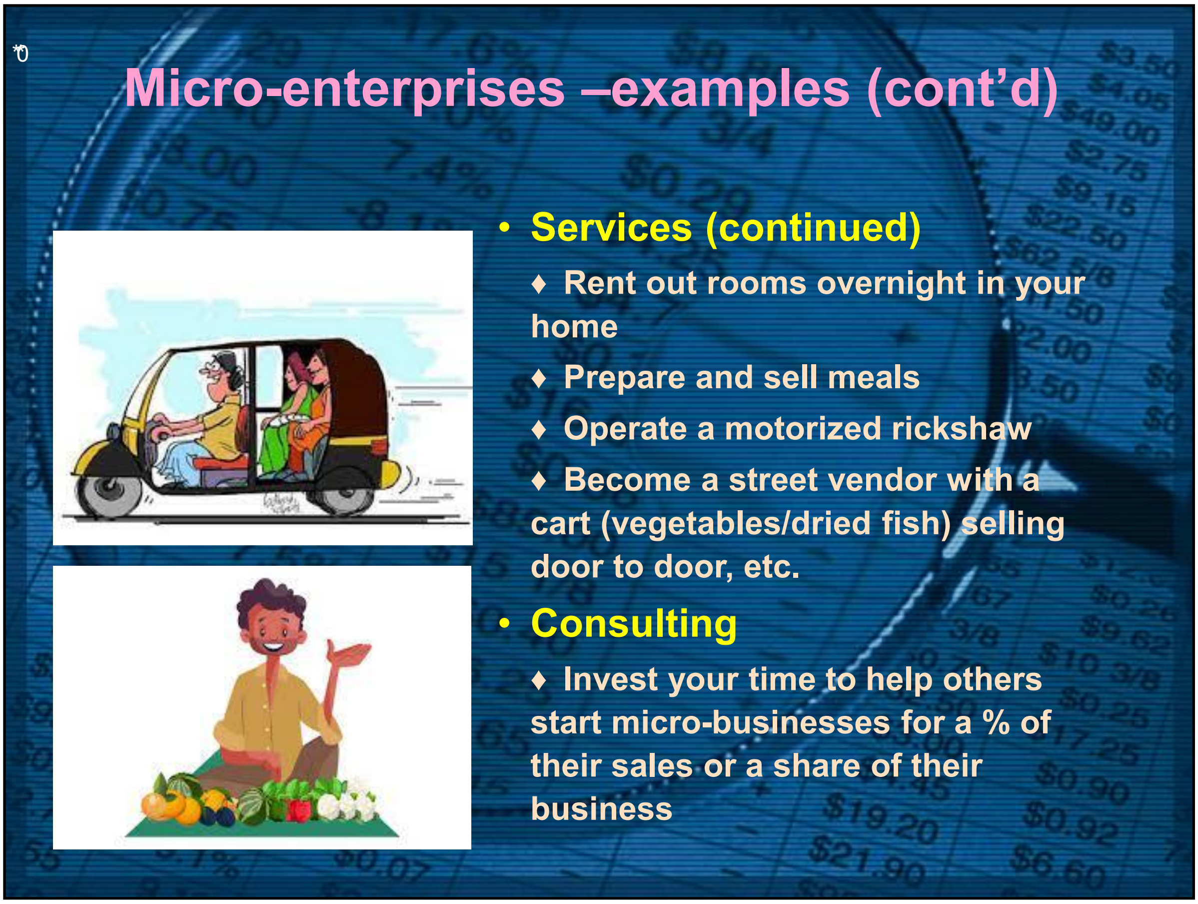
Maintenance

- 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)

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.

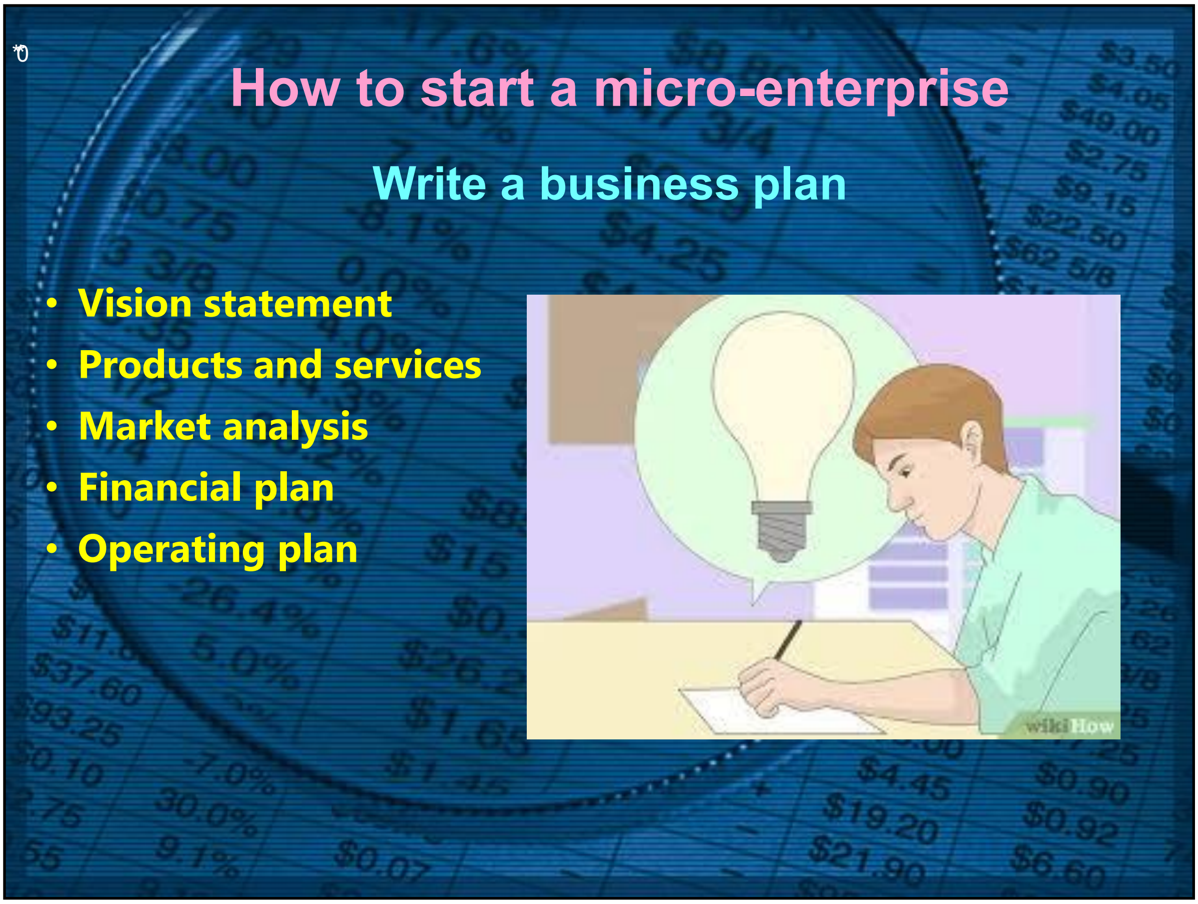
- Consulting
  - Invest your time to help others start micro-businesses for a % of their sales or a share of their business

My business and work experience

- Cleaned my father's shop (summers)
- Delivery boy of advertising brochures door-door (age 12)
- Janitor (age 14)
- Helped my parents manage their motel (maintenance and front desk)
- Grocery store helper (age 16)
- Surveyor's assistant and draftsman (college)
- Carpenter's assistant (college)

My business and work experience

- 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 - Write a business plan

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

- **A written business plan**
- Advantages
  - Brings realism and creative thinking to your entrepreneurial journey
  - Provides a stress-free environment to understand the landscape
    - Anticipate problem
    - Develop solutions proactively
  - Helps you to focus
  - Leads to an action plan for success
- Disadvantages
  - Takes time

- May require help from others
- 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 remainded 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 thought 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*

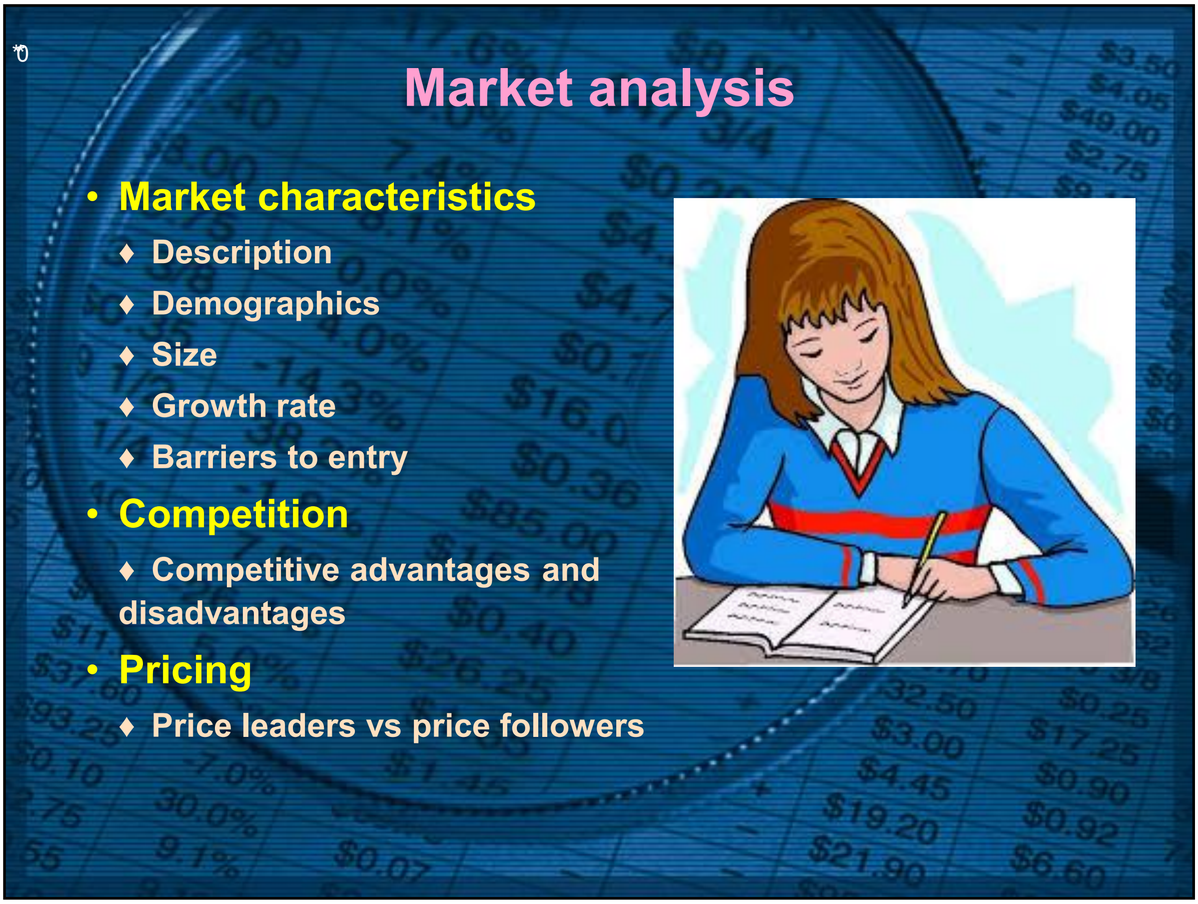
- *We had the cash margin from my job to operate the business*
- *Since we bought the vacation townhome for personal reasons, renting it out seem like a low risk. Major risk was the damage renters might cause to the unit itself. We found out there were other risks, such as jealousy among my competitors, roadblocks established by governmental agencies, and damage caused by insects, weather, fire, ice, and other environmental risks.*

Products and services

- 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
    - 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
    - *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 (Profit = Sales price – (manufacturing costs + marketing costs + O/H + support costs + 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

- 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

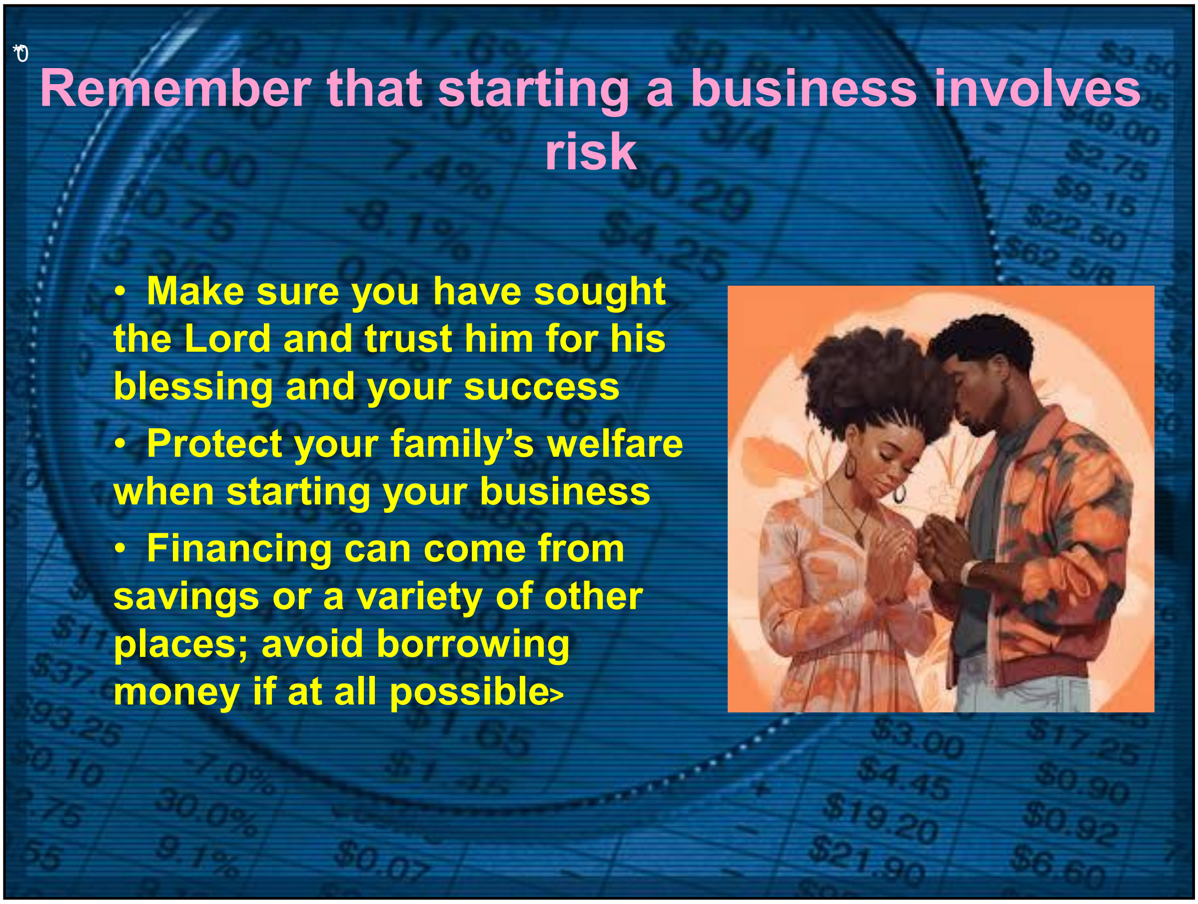
- Resources: "What do I need to provide the product/service (space, equipment?)
  - *We needed money to pay for advertising, housekeeping, and maintenance.*
    - ❖ *In the early days, we used a room in our residence as our central office*
- Customer acquisition:
  - *We acquired customers from our advertising. 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:

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.

- Above all things, seek the Lord first. Lay your hopes and dreams before him; discern his will for you. Consult Christian businessmen who can provide wise advice and experience.

- 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.

Remember that starting a business involves risk (cont'd):

- 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.

- Know your competition. They are your "friendly" adversaries. But don't be fooled—some of them would be happy to see you fail. So be alert and smart.
- 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.

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.

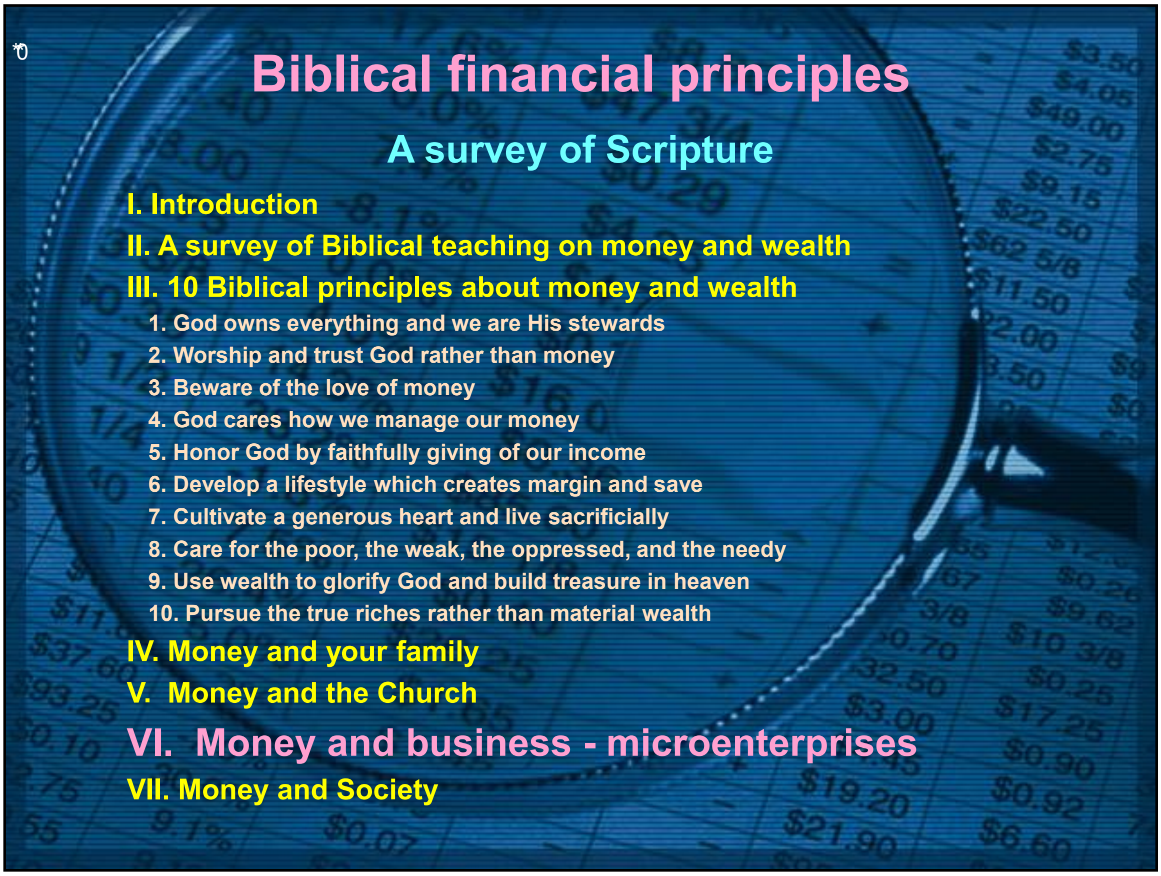
Don't be afraid to prayerfully consider entrepreneurship if God presents the opportunity: if you are an employee that has an entrepreneurial spirit, don't be afraid to prayerfully consider stepping out on your own if God presents the opportunity. I worked for Hewlett Packard for 24 years, but always 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

- 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.



VI. Money and business – microenterprises

End of module