

# **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**



# Micro-enterprises – Part 2

## Owning and operating small businesses





# Outline

- Biblical teaching about business
- Business basics
- 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)



# 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



# 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)>



# 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>



# Business basics

Price

Costs

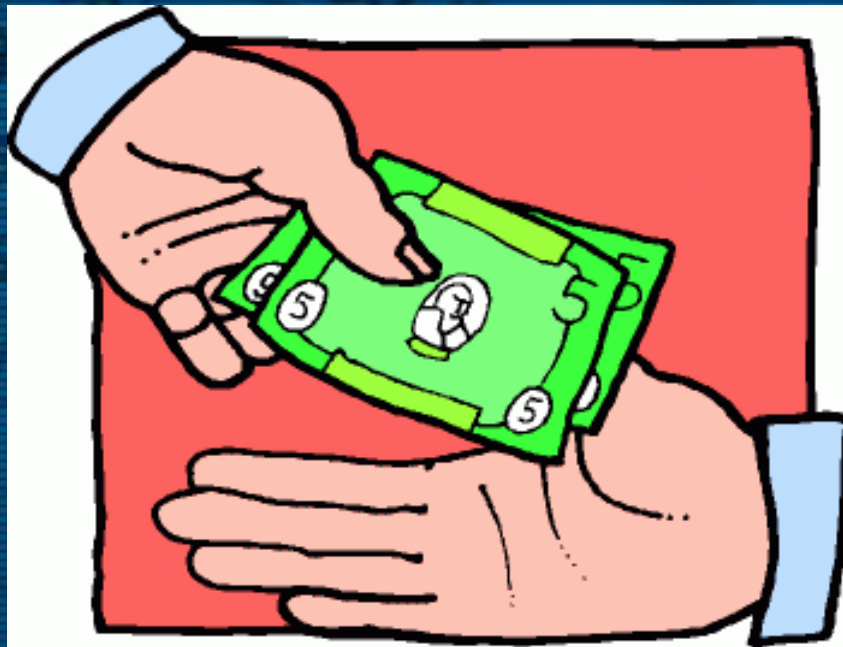
Profit





# A. Price

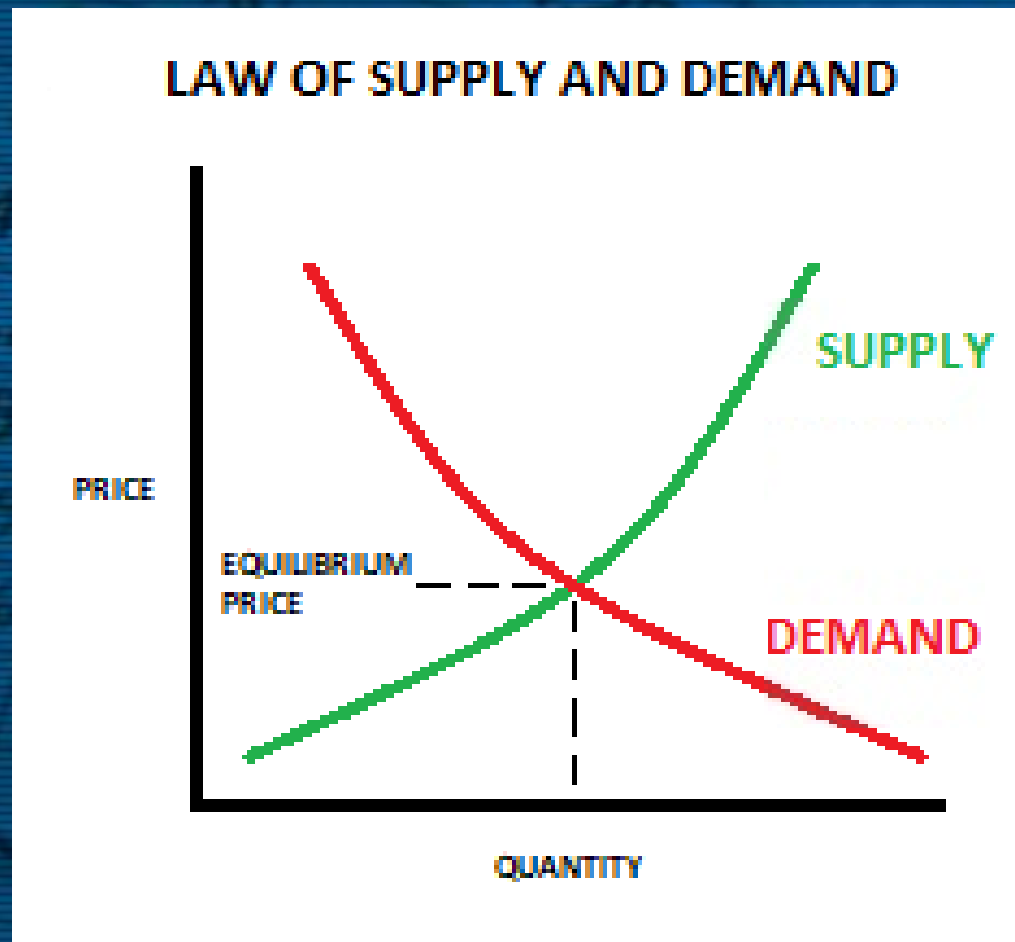
**Determining the asking price for your product or service**





# What determines the price you get?

The law of supply and demand





# 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?>



## 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**



## 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





# 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)



# 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



# 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.**

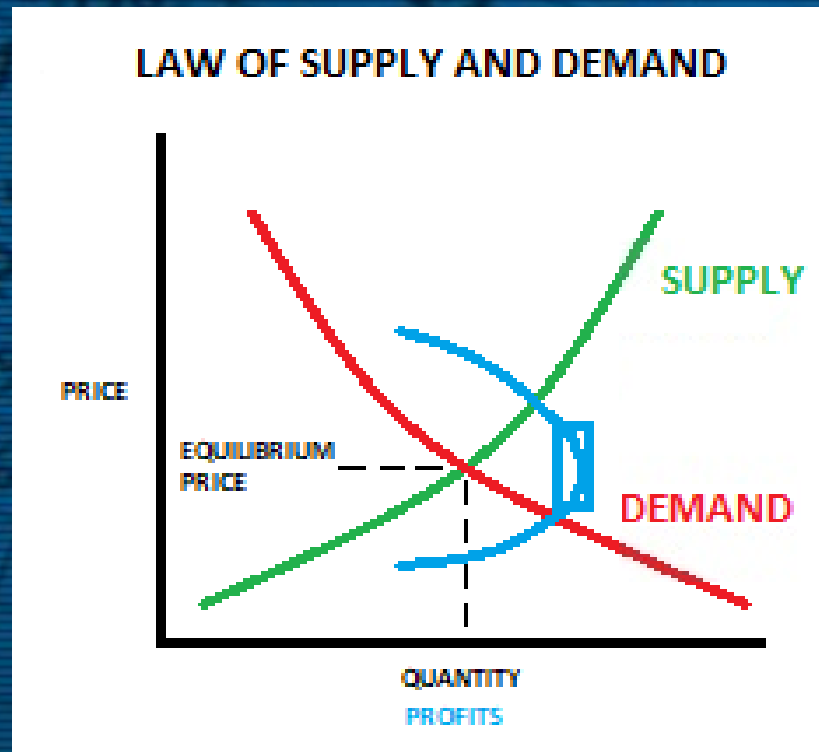
- ♦ If it sells the product for \$50, it either needs a new infusion of capital to build another unit, or it will go out of business
- ♦ If it sells the product for \$100, the business can stay open long enough to build another unit, but won't grow and is vulnerable to competitors
- ♦ If it sells the 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 >**



# Maximizing your profits

Higher prices do not always mean higher total profit





# 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

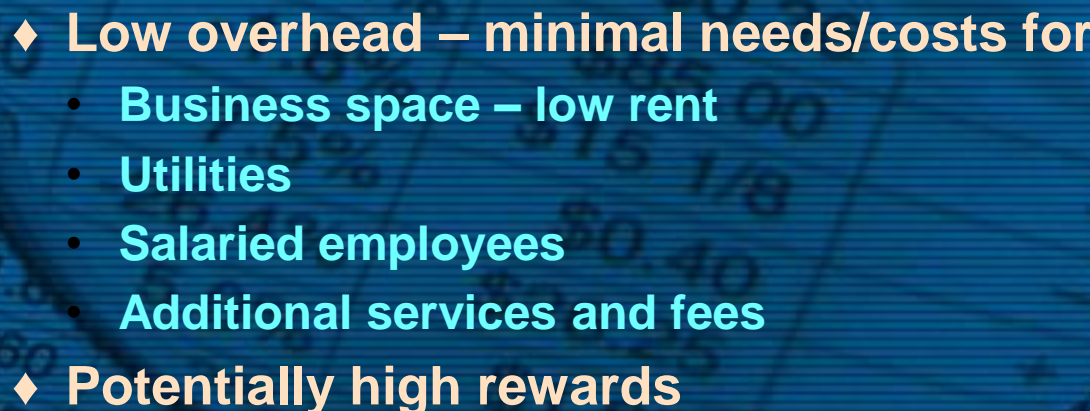
- **Advantages:**
  - ◆ Low capital investment
  - ◆ All decisions and responsibilities belong to the entrepreneur
    - Independence, control and adaptability
  - ◆ Low overhead – minimal needs/costs for
    - Business space – low rent
    - Utilities
    - Salaried employees
    - Additional services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

A stylized illustration of a woman with brown hair tied back, wearing a light blue jacket, sitting at a desk and working on a computer. The background of the illustration is a warm yellow-orange glow. The entire slide is set against a dark blue background with a faint, circular pattern of financial data, including percentages and dollar amounts.

- **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

- **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

## 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

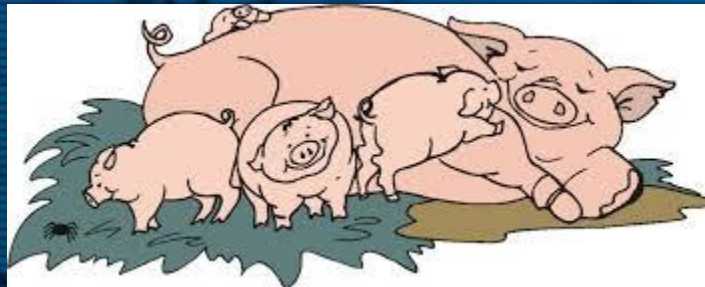
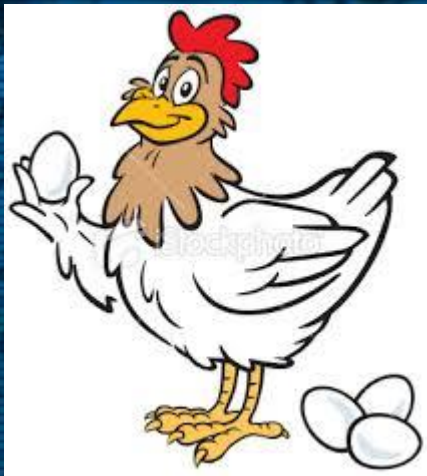




# Micro-enterprises

- **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

- **Crafts**

- ◆ Handicrafts
- ◆ Knitting
- ◆ Baby items





# Micro-enterprises

- **Services**

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



## Acknowledgements:

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# 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



# 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

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**



# 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)





# 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)



# 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/



# Starting a micro-enterprise (cont'd)

- **Develop a realistic financial plan**
  - ◆ Capitalization (Do you need a loan or a business partner?)
  - ◆ Profit-loss model ( $\text{Profit} = \text{Sales price} - (\text{manufacturing costs} + \text{marketing costs} + \text{O/H} + \text{support costs} + \text{taxes/fees})$ )
  - ◆ Cash flow model (operating capital needs vs time, sources and costs 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





# 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 >



# 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 >



# 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 >



# 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 (2<sup>nd</sup> career)





# Trust God for your success



**NEITHER HE WHO  
PLANTS NOR HE WHO  
WATERS IS ANYTHING,  
BUT ONLY GOD WHO  
GIVES THE GROWTH.**

*1 Corinthians 3:7*

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