

GLOBAL THINKING: BUSINESS PLANNING & FINANCES

BUSINESS PLANNING & FINANCES

▶ Biblical principles

- ▶ Don't aim for overnight success
 - ▶ Wealth gained hastily will dwindle, but whoever gathers little by little will increase it. - Proverbs 13:11

BUSINESS PLANNING & FINANCES

▶ Biblical principles

- ▶ Don't start without a clearly laid-out plan
 - ▶ For which of you, desiring to build a tower, does not first sit down and count the cost, whether he has enough to complete it? Otherwise, when he has laid a foundation and is not able to finish, all who see it begin to mock him, saying, 'This man began to build and was not able to finish.' - Luke 14:28-30
 - ▶ And Proverbs 22:3 emphasizes, "A prudent man foreseeth the evil, and hideth himself: but the simple pass on, and are punished."
 - ▶ Proverbs 21:20 says, "There is treasure to be desired and oil in the dwelling of the wise; but a foolish man spendeth it up."

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▶ Biblical principles

▶ Create a strategic plan

- ▶ 4 Then the king said to me, “What do you request?” So I prayed to the God of heaven.
- ▶ 5 And I said to the king, “If it pleases the king, and if your servant has found favor in your sight, I ask that you send me to Judah, to the city of my fathers’ tombs, that I may rebuild it.”
- ▶ 6 Then the king said to me (the queen also sitting beside him), “How long will your journey be? And when will you return?” So it pleased the king to send me; and I set him a time.

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▶ Biblical principles

▶ Create a strategic plan (cont.)

- ▶ 7 Furthermore I said to the king, “If it pleases the king, let letters be given to me for the governors of the region beyond the River, that they must permit me to pass through till I come to Judah,
- ▶ 8 and a letter to Asaph the keeper of the king’s forest, that he must give me timber to make beams for the gates of the citadel which pertains to the temple, for the city wall, and for the house that I will occupy.” And the king granted them to me according to the good hand of my God upon me. - Nehemiah 2:4-8

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▶ Biblical principles

▶ Taking care of staff and salaries

- ▶ You shall not oppress your neighbor or rob him. The wages of a hired worker shall not remain with you all night until the morning. - Leviticus 19:13
- ▶ James 5:4 - Look! The wages you failed to pay the workers who mowed your fields are crying out against you. The cries of the harvesters have reached the ears of the Lord Almighty.

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▶ Biblical principles

▶ Do not cheat anyone

- ▶ You shall not have in your bag two kinds of weights, a large and a small. You shall not have in your house two kinds of measures, a large and a small. A full and fair weight you shall have, a full and fair measure you shall have, that your days may be long in the land that the Lord your God is giving you. - Deuteronomy 25:13-15
- ▶ Proverbs 28:8 - He who increases his wealth by exorbitant interest amasses it for another, who will be kind to the poor.

BUSINESS PLANNING & FINANCES

▶ Biblical principles

▶ Know your business

- ▶ Know well the condition of your flocks, and give attention to your herds - Proverbs 27:23

BUSINESS PLANNING & FINANCES

▶ Biblical principles

▶ Invest in the right things

- ▶ The kingdom of heaven is like treasure hidden in a field, which a man found and covered up. Then in his joy he goes and sells all that he has and buys that field. Again, the kingdom of heaven is like a merchant in search of fine pearls, who, on finding one pearl of great value, went and sold all that he had and bought it. - Matthew 13:44-46
- ▶ The proverbs 31 woman invests wisely - She goes to inspect a field and buys it; with her earnings she plants a vineyard - Proverbs 31:16.

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▶ Biblical principles

▶ Leave a legacy

- ▶ A good man leaves an inheritance to his children's children, but the sinner's wealth is laid up for the righteous. - Proverbs 13:22

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▶ Biblical principles

▶ Management of debt

- ▶ The Lord will open to you his good treasury, the heavens, to give the rain to your land in its season and to bless all the work of your hands. And you shall lend to many nations, but you shall not borrow.—Deuteronomy 28:12
- ▶ Understand the difference between good debt and bad debt.
- ▶ Psalm 37:21 says "the wicked borroweth, and payeth not again."
- ▶ As Proverbs 22:7 says, "The rich ruleth over the poor, and the borrower is servant to the lender."

THE BUSINESS PLAN

Habakkuk 2:2 - Write the vision and make it plain on tablets, the he may run who reads it

BUSINESS PLANNING & FINANCES

▶ The business plan

- ▶ What is a business plan
 - ▶ A business plan summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realized.
 - ▶ It is the road map to the success of your business.
 - ▶ For anyone starting a business, it's a vital first step

BUSINESS PLANNING & FINANCES

▶ Components of a business plan

▶ 1. The industry overview

- ▶ What is the size of your industry?
- ▶ What sectors does this industry include?
- ▶ Who are the major players in this industry?
- ▶ What are the markets and customers for this industry?
- ▶ What national/economic trends might affect it in the future and how?
- ▶ What is the long-term outlook for this industry?

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▶ Components of a business plan (cont.)

▶ 1. Your position in the industry

- ▶ What products or services will your business be selling?
- ▶ What is your Unique Selling Proposition? (What is it about your business that makes it unique and sets it apart from competitors?)
- ▶ What are the barriers to entry in your industry and how to overcome them?
- ▶ Who are your competitors and their market share?
- ▶ What is your target market?
- ▶ How are you protecting your product or process (i.e., patents, copyrights, trademarks, franchise rights that you either hold or plan to acquire)?

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► Components of a business plan

► 2. Market Analysis

Area	Consideration
Age	What age range am I catering my products/services to? Kids? Adults? Seniors? Gen X? Millennials?
Gender	Am I targeting men, women, or both sexes?
Marital Status	Are my target customers married or single?
Family	What is their family structure (number of children, extended family, etc.)?
Location	Where do they live? Am I looking to sell locally? Regionally, Nationally?
Education	How well are they educated?
Income	What is their income?
Occupation	What do they do for a living?
Language	Are they members of a particular language group?
Lifestyle	What is their lifestyle like?
Motivation	What motivates them?
Size	What is the size of the target market?

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▶ Components of a business plan

▶ 3. Competitive Analysis

- ▶ what markets or market segments your competitors serve;
- ▶ what benefits your competitors offer;
- ▶ why customers buy from them;
- ▶ as much as possible about their products and/or services, pricing, and promotion.

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▶ Components of a business plan

▶ 4. Marketing Plan

- ▶ a. Products and/or Services and your Unique Selling Proposition
- ▶ b. Pricing Strategy
- ▶ c. Sales/Distribution Plan
- ▶ d. Advertising and Promotions Plan

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▶ Components of a business plan

▶ 5. Management Plan

- ▶ Ownership Structure
- ▶ Internal Management Team (key personnel)
- ▶ External Management Resources
- ▶ Human Resources Needs

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▶ Components of a business plan

▶ 6. Operating Plan

- ▶ Production Workflow
- ▶ Industry Association
- ▶ Supply Chains
- ▶ Quality Control

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▶ Components of a business plan

▶ 7. Financial Plan

▶ The Income Statement

- ▶ a snapshot of your business that shows whether or not your business is profitable. Revenue - Expenses = Profit/Loss.

▶ The Cash Flow Projection

- ▶ show how much capital investment your business idea needs.

▶ The Balance Sheet

- ▶ summarizes all the financial data about your business in three categories; assets, liabilities, and equity.

- ▶ Assets are tangible or intangible objects of financial value that are owned by the company.

- ▶ A liability is a debt owed to a creditor of the company.

- ▶ Equity is the net difference when the total liabilities are subtracted from the total assets.

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▶ Components of a business plan

▶ 8. Appendices and Exhibits

- ▶ Include any other documents that are of interest to your reader, such as
 - ▶ your CV;
 - ▶ contracts with suppliers, customers, or clients,
 - ▶ letters of reference,
 - ▶ letters of intent,
 - ▶ copy of your lease and any other legal documents,
 - ▶ financial statements (3 years) and latest management accounts,
 - ▶ tax returns for the previous three years,
 - ▶ risk register highlighting top risks, and
 - ▶ anything else relevant to your business plan

BUSINESS EXPANSION

Psalm 144:13 - May our barns be filled with crops of every kind. May the flocks in our fields multiply by the thousands, even tens of thousands

BUSINESS PLANNING & FINANCES

▶ Business Expansion

- ▶ Organic growth - the business expansion that comes through increasing output and sales
 - ▶ Increase your production capacity
 - ▶ Find new markets
 - ▶ Increase product line
 - ▶ Increase market share, etc.
- ▶ Mergers and acquisitions - the growth of business, sales expansion etc. by increasing output and business reach by acquiring new businesses
 - ▶ Strategic fit
 - ▶ Access to other markets
 - ▶ Increasing of market share
 - ▶ Synergies
 - ▶ Diversification, etc.

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▶ Funding your expansion

▶ Debt

- ▶ Financial institutions (banks)
- ▶ Development Funding Institutions
- ▶ Private Equity Firms
- ▶ Private Funders

▶ Equity

- ▶ Development Funding Institutions
- ▶ Private Equity Firms
- ▶ Venture Capital
- ▶ Private Funders

▶ Grants

- ▶ Research which grants are available in the sector

Psalm 20:4 - May he give you the desire of
your heart and make all your plans succeed