

1. Creating order in your finances

What will happen without good financial planning?

If we don't take control over our expenditures by making a plan on, what and how much of our money we will use until the next time of income/salary, expenditures can easily exceed our income.

- before the influx of new money we might stand without sufficient means.

Without a clear plan on how to use money, it will just disappear, and we will not be able to achieve our financial goals and meet our basic needs.

Instead we should make a plan for our personal finances

The bible says -1Cor 14:33 (NIV)

"For God is not a God of disorder, but of peace"

Bringing your personal finances into order is the first step to becoming good in managing your business's finances.

If we want to be able to manage big sums of money in our company, we must start out in the most basic area, our personal finances.

- By creating a financial plan we can direct our spending in a way that we can get what we think is the most important for us.

Since money is a limited resource it must be decisively directed to the most important needs (efficiency).

- Money should not be squandered in a reckless way.

Too many people put themselves into financial difficulty due to lack of financial planning and control.

- Self-inflicted financial problems can be avoided once we take control over the daily money flow.

Once we bring our personal finances into order, it will grant us a lot of peace of mind and wellbeing for our families. God will support and help us in this venture.

A powerful tool for taking control over your finances is making a budget.

What is a budget?

A budget is a plan on how to spend your money for the future. It focuses on a certain time period like "next week", "next month" or "next year".

It is a chart on your allocation of

- How much money **you have**.
- How much you can **spend**.
- The money used must match the money that comes in.

To make a budget is to create a powerful tool for keeping control of your finances.

Your budget will be your guideline to exercise good money management

★ **2. How to make a budget**
A simple form for a household budget

Income		Outgo	
Salary / Income		Tithing	
Extra business		House costs	
Other		Utilities (E.g. water, electricity, phone)	
		Interest / mortgage	
		Savings / Investment	
		Food	
		Education	
		Transportation	
		Offering	
		Medical savings	
		Clothes	
		Other	
Total Income		Total outgo	

Example – A family of five (two adults and three school age children)

Period: A month

Income		Outgo	
Salary / Income	60.000	Tithing	9.550
Extra Business	35.500	House costs	15.000
Other	0	Utilities (E.g. water,	5.000
		Interest / mortgage	5.000
		Savings / Investment	1.000
		Food	30.000
		Education	2.000
		Transportation	15.000
		Offering	1.000
		Medical savings	1.000
		Clothes	3.000
		Other	4.950
Total Income	95.500	Total outgo	95.500

3. Jesus recommended budgeting

The bible says – Luke 14:28-31

28 For which of you, intending to build a tower, does not sit down first and count the cost, whether he has enough to finish it— 29 lest, after he has laid the foundation, and is not able to finish, all who see it begin to mock him, 30 saying, ‘This man began to build and was not able to finish’? 31 Or what king, going to make war against another king, does not sit down first and consider whether he is able with ten thousand to meet him who comes against him with twenty thousand?

Jesus said that we must do financial planning before we build our tower to see if our resources are enough to meet the costs of the project, so we are not taken by surprise.

Make your financial priorities right

A budget will help you to see what you want to prioritize when you spend your money. You need to decide an order of importance for your expenditures.

First of all we need to give God what belongs to him— our tithes – which are also called the first fruit. It means that the first part of the income shall go to God.

Secondly we must set aside money for basic needs – living costs connected to; food, housing, our children’s education, etc. Things we can’t live without.

On the lowest level of priority is all the things that make life more pleasant, like eating out, nice clothes, etc. Things that give flavor to life, but are not an absolute necessity. We should only spend money on the lowest level of priority according to what is left over after the basic needs have been met.

- **The budget example above can be used as a recommendation on how to prioritize,** but every family is in a different situation so you have to make your own list of priorities.

If your income varies very much, by going up and down from time to time, you should increase your saving when you have a bigger influx of money. Be careful about increasing your consumption in good times!

- This will stabilize your situation the next time you have lower income but the needs are still the same.

**Extra
- Historical
budget**

Do my expenditure often exceed my incomes?

What would be the advantages of making a financial plan?

✦ ✦ 4. A historical budget = A check-up

A financial chart can be used not only to decide how you are going to use your money for the coming period, but also to keep track of how you have spent your money for the past week or month.

- The advantage with this is that it will enable you to compare your **intention** on how to spend money **to** **how you actually did spend it.** with

✦ ✦ *Increase or decrease your expenditures?*

When you, through the historical budget discover the hard facts on how you actually are spending your money, you can see more clearly if there is a need to make any corrections in the way you spend your money.

Maybe you'll decide to increase expenditures for something you think is very important for you and decrease expenditures on things that are not so important, things that you have spent too much money on.

✦ ✦ *Discussion*

- If we want something new, we must start to do something new and different

Now, during Focus Business School you will be introduced to many new thoughts and ways of thinking. When you embrace them wholeheartedly and take action in accordance with them, they will render new better results for you, better than ever.

Focus Business School is the environment where you receive your new mind-set.

✦ 5. You will get the tools you need to start, develop and maintain a business

✦ *Focus Business School will introduce you to some basic, simple tools and methods on how to start, develop and maintain a business.*

Sometimes a very small and simple change in your understanding will make a big difference in turning a business with losses to a profitable one.

The education is on a basic level

The tools and methods we teach are not advanced, because we want to give the most help those of you who have not yet started.

We will try to give you the very first and most important steps of how to get going. We want to teach you the basics of how to run a successful business.

This will include teaching on:

- ✦ • How to plan for the start up
- ✦ • How to make the most basic calculations for profitability and feasibility of a business idea
- ✦ • How to apply techniques for selling and marketing
- ✦ • The importance of market research, etc.

✦ *Focus Business School wants to touch and release the anointing on those of you who have natural gifts and a calling to be entrepreneurs.*

Usually entrepreneurs doesn't have all the tools or the full understanding of businessmanship when they start, but they have a vision and they are doers. Along the road they will find the solutions and the solutions will find them.

The Focus Business School will also serve as an arena for making new business partners and contacts. In this place everybody has the same ambition as you, to start or expand their business. Here you will find connections that can release your business ideas. Every year many of the students find plenty of new opportunities during their interaction with the other students.

★ 6. How to create financial space

★ There are two ways through which we can create more financial space in our lives: a) cutting costs or b) increasing incomes.

- ★ • If you cannot increase your income, you must cut your costs
- ★ • If you cannot cut your costs, you must increase your income

★ Both methods are ways to increase your financial space.

★ *Cost cutting*

★ Cutting costs is a quick way to create more financial space, but it can only be done to some extent.

★ **Below the basic needs you have, cost cutting is not possible or recommended. You can't stop eating, or living in a house, or stop buying clothes to wear.**

★ Besides, God is a good God who has promised to meet our basic needs

The bible says - Matt. 6:31-33 (NKJV)

"Therefore do not worry, saying, 'What shall we eat?' or 'What shall we drink?' or 'What shall we wear?' ³² For after all these things the Gentiles seek. For your heavenly Father knows that you need all these things. ³³ But seek first the kingdom of God and His righteousness, and all these things shall be added to you.

★ *Planning how to increase your income*

In the long run you need to have a plan on how to get higher incomes rather than just cutting costs.

Because increasing your incomes is a bigger task than cost cutting, you need to have thought through how to do it.

This can include:

- ★ • **getting higher income through work**
(more or better paid work)
- ★ • **investing in new income-bringing activities**
(starting a business, buying things that you can sell for a profit, earning bank interest etc.)

Whatever you do, you have to be a steward of the God-given possibilities that are available around you, possibilities that will enable you to increase your income.

- When your income increases, you will still always have to exercise spending discipline, without being stingy.

No matter how big your income will be, – as God-fearing people we must never become wasteful or surrender to our fleshly desires for more goods without any restraints.

Moderation is a Christian virtue.

★ *Financial planning is like driving a car*

Controlling expenditures and increasing income is like the accelerator and the brakes on a car.

★ **Only pushing the accelerator**
will eventually make you run off the road.

★ **Just standing on the brakes** means you'll go nowhere, and the car will be useless.

You need to involve both income-increasing activities – accelerate – and exercise cost discipline – brake – to have a healthy financial development

★ 7. You'll need a vision of what to achieve financially

Up til now we have mostly been talking about how to control spending, but the even more important and creative part of financial planning is to set up financial goals.

★ You have to ask yourself some important questions concerning your financial goals:

★ What do I want to achieve financially in the near future?
Next 6 months? Next year? Next five years?

★ What is my financial vision?

★ What income do I want to have this year?

★ What income do I want to have next year?

★ What kind of house do I want to own?

★ How big and profitable is my business going to be?

★ Do I want to have several businesses?

★ How much do I want to give to God every month/year?

When you have answered these and other questions defining your financial goals, you will have something specific to put your faith and effort towards. Just cutting costs is quite boring and will not release the financial resources God wants to bless you with. God wants to put a visionary spirit inside of you for your finances.

★ Without a vision for financial expansion there will be no development in your finances.

- Visionary thinking must be the emphasis of your financial planning.

5 When a positive and visionary attitude characterizes your thinking – motivation, creativity, a problem-solving attitude –spending discipline will usually follow by itself

- ★
- Because in the wake of a clear vision, **motivation** will rise.
 - With stronger motivation, **discipline** will follow.
 - And discipline will enable you to take **the right actions** (based on the right strategy) that
 - Eventually will make you achieve your financial goals.

✦ 8. But don't allow the budget to restrain your expansion

As mentioned, a budget is a tool to help take control of your spending.

✦ But as believers we don't have to be limited by the resources at hand. A budget must not put limitations to our faith.

✦ **Many times we need to believe God for financial miracles far beyond the resources we have, and to take steps forward in faith.**

While we are using our sound mind and taking responsibility for our finances by planning, at the same time we remain full of faith that God will take care of us and bless us more and more when we walk with him and trust him.

**Let the heart and the brain work together
in harmony!**

✦ *Homework*