

Our Handbook for Business, the Bible

Money in business

While the Bible does mention 'filthy lucre' (Titus 1:11) business, of course can't work without it. Goods, services and time are exchanged for money; staff and bills are paid with it, mostly electronically. Business performance and results are measured in money terms.

The six key money numbers we need to **understand**, monitor, and manage are...

- | | |
|---------------------------------------|---------------------------|
| 1: Owner's wages | 2: Gross Profit |
| 3: Net profit | 4: Net operating cashflow |
| 5: Other people's money held in trust | 6: Business valuation |

- In this session the focus is on No. 1...owner's wages.

Too often there's a lack of discipline and formality here - some pay a small weekly amount and top up as needed; others take money as & when needed. This is poor stewardship.

My counsel for business owners

Formalize and pay your wages properly; that means...

- 1: Work out a commercial rate of pay based on expertise, hours, duties, etc.
- 2: Treat your wage as a normal operating expense
- 3: Get paid at the same time as the team, likely each fortnight
- 4: Don't just add your wage to a loan account; it has to be paid.

And note: If you operate as a partnership or sole trader, it's not wages but drawings; and the same principle applies - a commercial, regular, paid amount into your private bank account.

Note also...

- 1: The average Aussie private sector wage last year was around \$100k for a 38-hr week
- 2: Don't treat the business bank account as your piggy-bank because it's not; manage your money and business money separately
- 3: If cash is not available to set up and pay your regular wages, the truth is, you have an under-performing business model that needs to be fixed urgently or to be blunt, your future is at risk...not to mention working in an underpaid job!

Hopefully your wage structure was just a lack of **understanding** that can now be fixed!

...On the Handbook website there's a summary of how and when the other 5 numbers are calculated.

The Bible, our Handbook counsel for today, Proverbs 23:23, Expanded Bible...

"Acquire the truth, never reject it; get wisdom, self-control, instruction, discipline and understanding"

Other Scriptures (NKJV):

Proverbs 17:27, "He who has knowledge spares his words, and...understanding is of a calm spirit"

Proverbs 2:2, "...incline your ear to wisdom, and apply your heart to understanding"

Proverbs 4:7, "Wisdom is the principal thing; therefore get wisdom. And...get understanding"

Proverbs 27:23, "Be diligent to know the state of your flocks and attend to your herds [e.g., money]"