

# The entrepreneurial cycle

by Mike Clargo

For many people, paid employment is not an option and their only alternative to depending on charity is self-generated income. In some places people can grow and farm almost everything they need, but in most situations people need income to buy things that they cannot grow or make, such as medicines, clothing and school equipment.

As a result, small business ventures are popular for those seeking to sell what they have so that they have the money to buy what they need. The growth of 'micro-finance' and 'savings and loans' schemes has made small businesses easier for these people. This growth in micro-enterprise is a great thing. In many places it is the only real alternative to charity, and it brings with it development and dignity. It enables communities to become strong and take greater control of their future.

Sadly, many people do not have the knowledge needed to run a business, and simple mistakes can cost them dearly. Reconxile.org's work in both Africa and Asia has brought them into contact with many who have lost their business because they did not understand the basic principles. For example, they have picked the wrong business; they sell in the wrong way; their practices end up costing them more than they get back in income; or they fail to manage their income and resources well.

To address these misunderstandings, Reconxile.org has developed some simple, easy to use, biblically-based training materials that are available to everyone. The training materials take people through the outer cycle shown in the diagram on the right, helping them to think through all the key decisions about their business before they start. They can then move into the inner circle and put their plans into practice in the confidence that their ideas are more likely to succeed and there will be fewer problems.

For further information on Reconxile.org and its training materials see Resources, page 7.

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## Steps

The steps of the training can be followed through the four corners of the diagram.

### Step 1

This step helps you to find the overlap between what you can do and like to do, and what your potential customers need and want. It also helps you to test how these overlap with God's will for your life. When you have found this overlap you have your first business idea!

### What is your business idea?

- What are you good at?
- What knowledge and resources do you have to do well?
- What do people need?
- What does God want you to do?

### Step 5

If you think you can make a profit, you are ready to move into the inner cycle and put your ideas into practice:

- Seeking the loan that you need.
- Putting your plans into action.
- Attracting and serving your customers.

■ Stewarding your money and resources prayerfully so that you can begin to repay your loan and continue round the inner cycle with your successful new business.

### Step 2

This step helps you to explore your own buying behaviours, and more importantly the buying behaviours of your potential customers. If you know what your customers are looking for in terms of quality, timeliness, relationship and cost, you can make sure that you provide something that will be bought.

### Who would buy from your business?

- How many have this need?
- How much would they pay? How often?
- Who do they buy from and why?

- Why would they buy from you?

### Step 3

This step helps you to think through how you need to structure your activities to provide what the customer needs, when the customer needs it and in the way that the customer would like it done.

*Take their 'reasons for buying' and think through how you will do this*

*Speak to people who might buy from you*

### Steward your business and money prayerfully

Collect a fair price promptly. You may give loans and charity with your own money but not with business money.

#### MONEY

Keep records and do not confuse the business money with your own. Make payments promptly.

### Attract and serve your customers

Produce what you need to sell quickly and carefully – as if you were doing it for God (Ephesians 6-7).

#### PRODUCTS SERVICES

- What are the steps to producing the quality and quantity you need?
- What resources and tools do you need to do this?

### Follow your plan carefully and diligently

- What are the steps to producing the quality and quantity you need?
- What resources and tools do you need to do this?

### Arrange the funding loans and payments

- Can you find somewhere to borrow the money you need?

### EQUIPMENT SUPPLIES

Borrow and buy only what you need to set up your business according to your plan.

- What is your income?
- How much will you need to spend to provide what they need?
- Will you have enough left over to pay your wages, repay the loan and replace any damages or wear?

### YES

- What is your income?
- How much will you need to spend to provide what they need?
- Will you have enough left over to pay your wages, repay the loan and replace any damages or wear?

### NO

- What is your income?
- How much will you need to spend to provide what they need?
- Will you have enough left over to pay your wages, repay the loan and replace any damages or wear?

- Can you find somewhere to borrow the money you need?

### Could you make the money work?

- Can you find somewhere to borrow the money you need?

### Step 4

This step helps you to work out whether you can make a workable business out of this idea. It helps you to ensure that what you will be paid will cover your costs adequately and provide you with enough income to keep the business going. In this part of the diagram, you get a chance to adjust your ideas and see whether you are able to make a profit. If you cannot, then you have only lost money on paper, and you can return to step 1 and move on to your next business idea.