



LESSON 12: Business Performance

Debt-Free Leadership

According to the Small Business Administration's July 2016 "Frequently Asked Questions report," 73% of small businesses used financing in the last 12 months. According to the report, the more you grow, the more likely you are to use debt. Seventy-five percent of firms with 50 or more employees carry debt, while only 60% of firms with fewer than 10 employees are saddled with debt.

The world has convinced most business owners that debt in business is inevitable and unavoidable. But is that true? As Unconventional Business leaders, what would it take for you to be one of the 27% of small businesses not using debt?

The world has many ways to try and accomplish their goals, but God has His way, and His way is best. Let's discuss some of the biblical aspects of debt.

Is Debt a Sin?

Debt is a presumption on the future. The instant you borrow money, you're committing and presuming that you will have the ability to repay the loan within the terms to which you agree. If your business slows down, calamity comes, or you lose your job, your presumption suddenly becomes a curse.

Many believe debt is simply taking a step of faith, but is it really? Wouldn't it take more faith to wait for God to fund the entire project with cash, not debt? After all, there is no instance in scripture of God directing anyone to borrow money. Instead, every building project in scripture was fully funded in cash and usually had more funding than it needed.

While scripture never cites debt as a sin, it does certainly view it as a curse (see Deuteronomy 28). Proverbs 22:7 teaches, "*The rich rule over the poor, and the borrower is servant to the lender.*" God wants us to serve Him, not a lender.

Although using debt, in and of itself, is not a sin, I believe that debt can *cause* you to sin. Matthew 6:24 instructs us, *“No one can serve two masters. Either he will hate the one and love the other, or he will be devoted to the one and despise the other. You cannot serve both God and money.”* If you take on so much debt that you begin serving the lender, then according to Jesus’ teaching in Matthew, it is impossible to serve God at the same time.

A machine shop owner in Florida called for counsel, informing me that his business was new and that he had started it without debt. He wanted to remain debt free but had just landed a large contract with a Fortune 500 business that would require a new piece of equipment costing \$250,000. With regret he told me, “I’m going to have to borrow the money.”

As we brainstormed, I challenged him that we have a great big God who could easily fund that equipment *without* debt. Talking further, I asked him to consider approaching this Fortune 500 company for a 50% deposit on the \$500,000 contract. First, he laughed. Then he followed with these words, “They’ll never agree to that.”

A few days later this business owner called with elation, revealing how his customer agreed to fund his equipment need. God is good; we just need to give Him the opportunity to show us how good He really is.

DISCUSSION QUESTIONS

1. Read Deuteronomy 15:1-4
 - a. According to this passage does it appear that God anticipated His people borrowing money?

- b. If so, under what conditions would He prefer?

2. Study Deuteronomy 28:12 and verse 44.
 - a. After reviewing the surrounding context of this passage, do you believe debt is a blessing or a curse?

- b. Have you ever thought that God blessed you with a loan? Explain why.

c. Could He have provided the funds differently, and if so, what would that have looked like?

3. Review Proverbs 22:7 and Matthew 6:19-24.

a. After reading these passages, do you believe debt can cause you to sin?

b. If so, how might that happen?

4. Have you ever co-signed a note, or pledged collateral for someone else? _____

a. If yes, was the result positive?

b. Read Proverbs 6:1-5.

• Why do you think there is such a sense of urgency in this passage?

• How serious do you think it can be to guarantee someone else's debt?

Bankruptcy

Psalm 37:21 says, *“The wicked borrow and do not repay, but the righteous give generously.”*

God takes our vows seriously. If we promise to pay someone back, we are to do our best to honor our vows.

Bankruptcy, however, is not a sin. There are times when there are numerous creditors trying to get paid, and one may use legal leverage which becomes inequitable for the rest. Bankruptcy is a man-made legal system designed to be an orderly way to prioritize creditors into classes, in an attempt to make sense out of the chaos.

Even after a bankruptcy, when it is within your power to begin repaying debts, you should do so. This is an excellent way to model how Christians are different.

A friend of mine named John took over the family business. Unfortunately, right after he did, the company filed for bankruptcy. To keep the business from folding, a judge relieved the company of more than \$1 million in obligations. While many would have breathed a sigh of relief, John desired to please God. Therefore, he took a unique approach and immediately began to work towards repaying those debts.

Many years later, after turning the company around, John scheduled appointments with each of the vendors who had not been paid. He hand-delivered checks repaying all the debt that had been eliminated in bankruptcy. Through this extreme measure, John had numerous opportunities to share his faith and testimony. His act was so unbelievable to the business community that many were willing to listen.

If you are faced with considering bankruptcy, ponder Jesus' words in [Matthew 5:25–26](#), *“Settle matters quickly with your adversary who is taking you to court. Do it while you are still with him on the way, or he may hand you over to the judge, and the judge may hand you over to the officer, and you may be thrown into prison. I tell you the truth, you will not get out until you have paid the last penny.”*

Many people are urged into bankruptcy unnecessarily. Try first to work up a reasonable budget of how much you can pay and when you can pay it. Then, go to your individual creditors and seek their help, one-on-one. Don't hide from them. Instead, view them as important partners that need enough information to know how to best help you through the difficult time. You may be surprised at how many are more than willing to work with you.

DISCUSSION QUESTIONS

1. Review Psalm 37:21 and Proverbs 3:27-28. What does God require of us when it comes to paying debts we committed to pay?

2. Read Matthew 5:25-26.

- a. What are some possible alternatives to bankruptcy according to this passage?

- b. What steps might you take to go through a difficult financial struggle while glorifying God in the process?

3. What sorts of consequences are possible in violating the verses in question 1?

- a. Have you, or someone you know, ever paid back debts that were legally forgiven?

- b. What are some ways God may be glorified after a bankruptcy?

Debt Free Leadership

It takes courageous faith to turn against the tide of our culture and choose to become debt free and stay debt free, but it can be done.

Stanley Tam, author of *God Owns My Business* and former owner of US Plastic, explains that after turning over 100% of his company stock to God, God impressed upon him to rely on Him, not the bank. Mr. Tam was immediately challenged by the need to build a \$3 million facility. When he started the building process, he had \$600,000 in the bank.

He says that miraculously he built the building with cash, and still had \$600,000 in the bank when he finished.

If you desire to be free from debt, it is going to take your commitment to no longer take on new debt. This means no more charge cards, lots of prayer, and trusting God to fulfill your business and personal needs, not the bank. It also means that you must work out a plan to repay the existing debt.

Here are some tips on working out of your existing debt:

- **Identify assets that can be sold to reduce debt.**
- **Develop a schedule of your debt and their terms and conditions.**
- **Prioritize debts by highest interest rate to lowest.**
- **Sometimes it is encouraging and helpful to pay off the smallest debt first then apply the payment you were making on that debt to the next payment, and so on.**
- **Develop a monthly budget and tighten up your spending to reduce debt quicker.**

If debt does not concern you, and you sincerely believe you can serve God while still having debt, at least consider God's principles on debt. He designed a system for the Israelites of relieving their debts every 7 years. This Year of Jubilee was instituted for a good reason. God wanted the Israelites to know that they would be free to start over again in a reasonable number of years. The underlying principle, I believe we are to understand, is that God desires us to avoid long term bondage.

Take a moment now to pray. Ask God to reveal to you what He wants for you regarding your finances, including any business interests you may have. Consider His will regarding levels of debt, length of terms, and your future approach. Pray about what God could do through you and/or your business if you were unencumbered. Lay claim to God's blessing to the Israelites in Deuteronomy 28:12, *"The Lord will open the heavens, the storehouse of his bounty, to send rain on your land in season and to bless all the work of your hands. You will lend to many nations but will borrow from none."*

DISCUSSION QUESTIONS

1. How comfortable are you with debt, and at what level do you become uncomfortable? Write here any commitment you desire to make to yourself regarding debt.

2. Do you recall a time when your work, or desire to serve God, has been hindered by too much debt?

PERSONAL BUSINESS APPLICATION

1. Do you have any past unpaid obligations that need to be addressed? How might you address them in a way that would glorify God? (Write an action plan draft below).

2. If you were to eliminate a certain type of debt from your life, what would it be?

- a. How much courageous faith would that take on your part?

- b. How might you start to accomplish this goal? (Write an action plan draft below).
