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Gleanings

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Managing Financial Stress

Between the escalation in the cost of energy and the meltdown of the mortgage industry, the economy is under substantial pressure. Consequences of this type of economic situation are predictable. Layoffs and bankruptcies increase. Sometimes stronger companies acquire weaker ones. And cash flow becomes more challenging as companies struggle to hold on to their people and financial resources, hoping for better times.

One of the major symptoms of cash flow problems is slow pay. Most companies that extend credit to customers specify payment terms, such as "net 30." This means that the full amount of the invoice is due in 30 days. Companies that extend credit are generally capitalized to carry receivables in accordance with their terms. When the collection of receivables goes beyond the standard terms, the company holding those receivables normally experiences financial stress.

As the economy slows, companies tend to be slow in adjusting because they don't know how severely they will be impacted. To use an engineering metaphor, companies tend to get behind the power curve. And as engineers know, once you are behind the power curve, it is very difficult to get ahead of the curve. This reality is true in the financial world as well.

Companies tend to fall into cash flow problems and linger in that state. Delaying vendor payments is a common way to deal with this stress. Delay in payments creates cash flow stress for the vendors, which causes the vendors to slow pay their vendors. As a result, financial stress is propagated throughout the economy.

Issuing credit to customers is an established business practice, particularly in North America. This practice works best during stable economic times and in cultures that embrace biblical values. When the economy or the values fail—or both—the practice becomes problematic, particularly for small companies that tend to be thinly capitalized.

In recent years, the credit industry has grown and become more organized. Credit card companies have expanded beyond consumer credit to business credit. Consequently, in many cases companies can ask customers to pay via credit card, which puts the credit risk on the credit card companies. Clearly, this is a wise move, particularly for small businesses.

But many companies are already exposed to credit risk, so what should a company do that experiences financial stress associated with slow pay? May I offer a biblical worldview on this issue? Consider five key points.

First, the management team should gather together for a time of thanksgiving and praise to the Lord for all of His goodness and grace in both their personal lives and toward the company. Meditate on Scripture, such as Psalm 100. Reflection on the goodness of God is a wonderful way to get re-focused and re-centered on the Lord.

Second, the management team should engage in a time of prayer. Reflect on a text such as Philippians 4:6–7:

Do not be anxious about anything, but in everything, by prayer and petition, with thanksgiving,

present your requests to God. And the peace of God, which transcends all understanding, will guard your hearts and your minds in Christ Jesus. (NIV)

Ask the Lord to give the management team a revelation of the reality of this text—to set aside anxiety and pray with a thankful heart. Then let peace be an indicator that you are aligned with God.

Third, remember that in God's universe spiritual reality and physical reality (i.e., money and other physical resources) are coupled. For example, when Israel disobeyed God, one of the consequences was economic calamity (Deut. 28:47–48). The reverse is also true, namely, obedience to God leads to economic blessing (Deut. 5:33). Therefore, physical reality, such as cash flow challenges, is coupled to spiritual reality. So what spiritual reality is driving the cash flow problem? Ask the Lord to reveal to you why there is a cash flow problem. You can break this question down into a number of more specific questions to ask the Lord, for example:

- Do we properly understand the Kingdom of God in the context of business? (Matt 6:33)
- Do we operate the business righteously? (Matt. 6:33)
- Do we recognize God's provision? (Matt. 6:33)
- Is there sin in the business? (Remember Achan in Joshua 7)
- Do we need to repent of some sin? (Acts 2:38)
- Have we sown bad seeds in any of our business practices? (Gal. 6:7)
- Could this be judgment on our community or nation for rejecting God? (Deut. 28:47–48)
- Is this an enemy attack? (Eph. 6:10ff)

As you pray, you may discern that there is a confluence of factors impacting your situation. Ask the Lord for wisdom to respond to each of these factors.

Fourth, remember that God is always sovereignly working everything together for good for His people. The word *good* is a divine attribute (Matt. 19:16–17), which means that God is always working to bring everything in alignment with Himself. This is the apostle's teaching in Romans 8:28:

And we know that in all things God works for the good of those who love him, who have been called according to his purpose. (NIV)

No matter how challenging the situation gets, God is still at work accomplishing His purposes, even in the direst of situations, such as, in Job's testing. Job lost his children, his worldly assets, and his health. But in spite of the calamity, God was working all things together for good. In the end Job realized that God was using difficult circumstances to take him to a deeper level of revelation about God. Job articulates this lesson in Job 42:5:

My ears had heard of you but now my eyes have seen you. (NIV)

Given the sovereignty of God, we must learn to recognize that *all things are working together for good*. In this we can and should rejoice.

And fifth, ask the Lord for the grace of contentment regardless of what happens. Note what the Apostle Paul said in Philippians 4:11–13:

I have learned to be content whatever the circumstances. I know what it is to be in need, and I know what it is to have plenty. I have learned the secret of being content in any and every situation, whether well fed or hungry, whether living in plenty or in want. I can do everything through him who gives me strength. (NIV)

Contentment is a wonderful gift. It enables us to endure hardship, difficulty, and challenge without undue distress and frustration.

Managing financial stress is a spiritual activity requiring fervent prayer, honest self-reflection, and a biblical perspective.

Clearly, it is wise to avoid credit risk if at all possible. But if you have credit risk and are experiencing cash flow problems, turn to the Lord. Apply the suggestions in this article seeking to

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understand and respond appropriately to the underlying spiritual reality. And may the Lord give you peace and contentment to know that He is working through the situation for your good.

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