

ETHICAL CODE OF GOOD PRACTICE FOR MICROENTERPRISE

It is hoped that these guidelines will be helpful and adopted as 'Business Policy' by microenterprises as a means of providing a sound operational management basis that should best ensure commercial success, a high reputation for integrity and a good Christian witness in the community

1. Mission or Business Purpose Deeper than Mere Financial Profit

A Christian business person should wisely define what is the mission and hold this before all the employees. The mission is why the business is there; the vision is what we want to be; the values are how we want to live as we pursue our vision. In distinction from a non-profit society, a for-profit



business must make money. Profit in a business is like blood in the body. Every organization needs it to survive and function.

Organizations that state they exist for the purpose of making money are doomed to failure. Organizations exist to serve customers, and they do so when they provide the customers with value. The value added to the customer is such that normally the customer will pay a profit. Therefore profit is a legitimate measure of the value the firm is producing for its customers. Without a surplus the firm will not be able to continue to offer the service or to add value. It is legitimate for a Christian to pray

for a profit. But that is not the same as having the company exist "to make money." Being a Kingdom business also involves respect for the environment (soil, trees, air, human community) and some share of stewardship of creation rather than raping the earth

Aid for Trade is committed to the principles of high integrity, positive relationships, consistent quality and service, full legal compliance, openness, equal opportunities regardless of sex, age or race, exceptional customer service, environmental protection, and fair trade.

2. Formal or Informal Business?

Informal Business – Home Based

Most microenterprises start as informal unregistered businesses, which usually means they pay no taxes and the owner or employees may receive no state benefits such as sick pay, unemployment or redundancy support or state pension if these are available. Starting in the informal sector working from home is obviously the simplest and lowest cost way to start - but of course does not absolve the owner from responsible management or from ensuring the public safety of any products or services. The owner will be personally liable for any losses or claims made against the enterprise

Aid for Trade understands the need to start in the informal sector but as soon as the business grows to a point of employing workers will encourage registration as a formal business to ensure state benefits can be accessed and state or local taxes paid.

Formal Business - with Paid Staff

This can take a number of forms but is basically an enterprise registered with the national or regional state authorities. It will be required to have a formal set of documents and will be assigned a registration number. In some countries the bureaucracy involved in registering a business can be lengthy and costly so the requirements and benefits of registration need to be carefully considered

3. Christian Ethos and Values

Many businesses stay very small or fail in the first few years for a wide variety of reasons but successful businesses are founded on sound planning, hard work and clear business ethics and values. We want to help you to be one of the success stories!



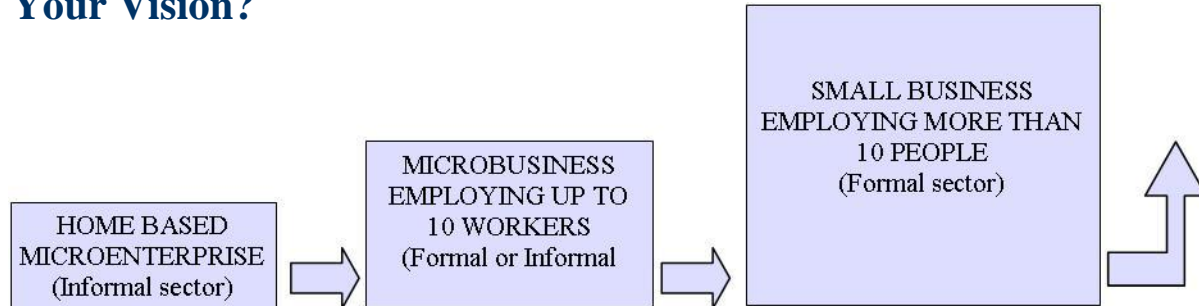
Every successful business however small, needs a framework of values and practices, within which it operates, which must be understood and adopted. If a Christian ethos and values are applied consistently in your business you will earn a reputation for integrity, competency, reliability and excellence and your business will thrive

God wants you to:

- Adopt Biblical principles in your work. . (II Thessalonians 3:8, 10)
- Enjoy life, so He warns us about greediness (I Timothy 6:5-7, 10)

Even working from home, if you want your enterprise to grow and achieve its best potential then you should consider what your values and practices will be. Keep in mind that any well managed enterprise with planning, commitment, hard work and integrity has the potential to grow much larger.

Your Vision?



1. Love God with all your heart, soul, strength and mind.

God loves you, cares about you, and wants to bless you. (John 3:16-17, II Chronicles 16:9)
The Bible says: Love the Lord your God with all your heart and with all your soul and with all your strength. (Deuteronomy 6:5). An eternal love relationship with God is the first measure of true success.

2. Love your neighbour as you love yourself.

Jesus Christ says in the Bible that our relationships must be characterised by the love which treats others as one would like to be treated oneself, see Matt 7:12, 22:39 (quoting Lev 19:18). If we truly love God we will love others because that is what will most please Him. Just as we care for and meet our own needs so we should care for and work to meet the needs of others. 'Do not seek revenge or bear a grudge against one of your people, but love your neighbour as yourself. I am the Lord' (Leviticus 19:3)

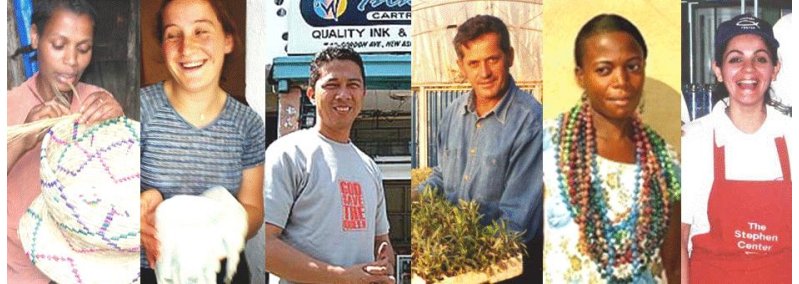
Christians must act to help meet the needs of an impoverished world.

God wants you to bless other people:

- Your business can provide food and other needs for your family. (Matthew 7:9)
- Your suppliers, employees and customers can be blessed through your business too. (Matthew 7:12)

3. Love what you do and do it with all your heart.

As we love God and others we will discover meaning and purpose in our work or business activity that is beyond the mundane. We will know why God has us where we are and doing what we are doing. Discovering the purpose of our lives will free us to love what it is we do and therefore, to do it with all of our heart. Whatever you do, work at it with all your heart, as working for the Lord, not for men, (Colossians 3:23). Your suppliers, employees and customers can be blessed through your business too. (Matthew 7:12)



4. Be thoughtful in saving and generous in giving

God's plan for financial happiness includes saving money. (Proverbs 21:5, 21:30). Because God owns everything in the world, He owns your business and He wants you to honor Him by giving money to your church. (II Corinthians 9:7, Proverbs 3:9) God is not pleased with persons who exploit or ignore the needs of poor people. (James 2:15-16, Proverbs 6:9)

5. Avoid corruption

Corruption, most often occurs as bribery and is defined as the deliberate misuse of money or resources for personal gain. One of the biggest challenges which Christian businesses need to address is the challenge of corruption which is endemic in many, if not all countries and especially the poorest ones. Avoid corruption. There is no question of the Bible's opposition to bribery as an affront to the character of God, the incorruptible one (Deut 10:17). A bribe is an "evil device" (Psalm 26:10, cf Micah 7:3), a "gain of oppressions" (Isaiah 33:15), an "unjust gain" (Proverbs 15:27). A bribe corrupts the mind (Eccles 7:7) and blinds the eyes of officials (Exod 23:8).

If you can avoid individual or bureaucratic corruption, resisting which may prove to be costly or even damaging to your business/, you will build a respected reputation in your community and wider which will best ensure your future successful growth

6. Build integrity into all you do

Integrity is the cornerstone of every thriving business and the hallmark of every successful employee. If you want your career and your business to flourish, build on a foundation of honesty, dependability, and trust. I think that every Christian would agree that being truthful, consistent, and trustworthy is fundamental to godly obedience, but the workplace is often the crucible where these principles are put to the test. The bottom-line question is this: When the heat is on, will you honor your word?



Effective businesses establish a three-way contract of trust, where customers can have confidence in the company's products and services, employees know what to expect on the job, and management can be confident that the staff will deliver on its promises and commitments. Trust is built upon promises made and kept, and it is preserved by forthright and honest communication.

When trust has been established, it becomes the basis on which people are able to work together effectively. By the same token, when trust is squandered or lost, effective working relationships are destroyed. Just like in a marriage, once trust has been compromised, it is very difficult and time-consuming to reconstruct.

Integrity includes doing what we say we will do--honoring commitments--every time. A store that advertises The Lowest Price in Town! will quickly lose credibility if their claim is found to be untrue. Likewise, if we guarantee delivery on a product within 48 hours, but it takes a week for the customer to receive the shipment, our promises soon lose their value. Unfortunately, it doesn't take much to undermine confidence in the entire organization if, as individuals, we fail to honor our pledges. As Moses instructed the people, "When a man makes a vow to the Lord or takes an oath to obligate himself by a pledge, he must not break his word but must do everything he said" (Numbers 30:2 NIV).

The same principle of honoring commitments applies to our responsibility as employers and employees. If we promise our boss that a report will be turned in on Monday, but the deadline slides on by, we lose credibility and create an element of doubt about our integrity. We become what the apostle Paul calls "mere talkers." Similarly, when management fails to follow through on a promise to add more staff to assist with increased business, employee confidence and morale inevitably suffers. We'd all be better off not making promises than to make vows that we cannot or do not keep.

Integrity also involves accepting responsibility for our actions and standing behind our results. As a wise baseball manager once said, "Excuses don't win ballgames." If you make a mistake, offer your

boss or your customer an apology instead of a long story, and then work to make the situation right. Readily admitting our shortcomings, and then changing our future behavior, is important for establishing and maintaining trust. "He who conceals his sins does not prosper, but whoever confesses and renounces them finds mercy" (Proverbs 28:13 NIV).

Two keys for maintaining integrity are to think before you act or speak, and to count the cost of all commitments **before** you pledge yourself. When your customer makes a request and asks for a commitment, first make sure that you understand the requirements and expectations. Take time to clarify specifications and repeat back what you have heard. Faulty assumptions are often the basis for a loss of trust in business relationships. Next, evaluate your schedule, being honest about any conflicts or complications, and only accept the assignment if you can deliver the expected results. Once you have determined your response, follow Jesus' admonition and "simply let your 'Yes' be 'Yes, and your 'No,' 'No'" (Matthew 5:37 NIV). Although saying no might be difficult, honest answers are essential for building trust. It is better to lose an **order** today, than to lose a **customer** forever.

"Kings take pleasure in honest lips- they value a man who speaks the truth" (Proverbs 16:13 NIV). What's true of kings is true of customers as well. People appreciate an honest deal, and they will keep coming back for more. Working with integrity is a "value-building" strategy for individuals and



businesses alike. The best way to establish job security is to be known as the "go to" guy, the one person who follows through every time. When your boss can depend on you to fulfill your responsibilities consistently, you become more valuable to the organization--and ultimately more promotable. Likewise, every great company, regardless of industry, anchors its reputation and its success in honest dealings, consistent effort, and diligent follow-through. Businesses that succeed in establishing trust and integrity inevitably succeed in the marketplace as well.

The principles of successful trading are global. Following are Practical Guidelines for success:

Home Based Informal Microenterprise

Practical Guidelines

To help you build a successful and respected enterprise, which you can grow, you should undertake to



1. View your enterprise both as a means of generating income and of serving and helping others
2. Never lose sight of the need for prayer, bible study and worship nor the needs of family and friends
3. Start small – think big.
4. Commit as much time as needed to start up and establish your business– you may need to commit ten hours per day five or even six days per week to building this business for the first two or three years
5. Become an expert in your business and the market you are serving.
Research on the internet, read books and journals, talk to others. Visit and if possible, take part in trade fairs, make sure you know who your competitors are and what prices and quality they provide
6. Build good positive relationships with all your business contacts
7. When you tell anyone you will do something – make sure you do it and never promise what you cannot deliver!
8. Keep good written records of all sales and purchases (Income and expenditure)



9. Always Buy good quality raw materials (eg seeds) from a trustworthy source
10. Try to delight your customers with your products, your service and the value and quality of your goods or service.
11. If you have an appointment to meet anyone – be there at the agreed time! Always allow time to find any new address you are visiting
12. Ensure consistent quality in all the goods you sell. Find ways of using, reworking or selling unacceptable quality produce.
13. Deal with any complaint promptly and fairly making recompense as appropriate
14. Respect and care for your local environment. Never cause any contamination, or bad odours with waste materials and dispose of all waste materials properly
15. As far as possible keep your work area separate to your family or living space
16. Work tidily and give your self time to clean up and leave your work area clean and ready for the next day
17. Make sure that no-one can ever be hurt by any equipment you use or by any product you sell
18. Keep a list of the things you need to do and do them!
19. Make sure all your business dealings are open to scrutiny and honest
20. Resist any corrupt practices. Do not pay or accept bribes of any sort even if they would benefit your business, your personal income or your status. Avoid giving large gifts or lavish entertaining. This will not be easy to do!
21. Any money borrowed or are given to help my business may only ever be used for that purpose, unless a change of use is agreed with the person who has provided the money, before any change in use is made
22. Meetings, never arrive late, be prepared, take notes, don't monopolise the discussion, listen carefully to what others are saying, don't chew gum or smoke and make sure your mobile phone is switched off. Be interested, focus on the subject of the meeting, stay alert and ask questions. Dress well and present a positive image. Avoid personal attack or argument but address issues of conflict or difference politely but firmly. Make sure you follow through with any agreed action
23. Keep yourself fit by regular exercise and as far as possible eat a healthy diet

24. Keep personal and business expenses separate. Pay yourself a salary – when you can afford to and keep records. Don't take or borrow money from your business for your personal use
25. Don't keep large amounts of cash in your home. Consider setting up a bank account to keep your money safe
26. Build and keep good relationships by making sure that phone calls, letters, and e-mails are replied to as soon as possible and not forgotten
27. Sell what the market wants to buy
28. Keep accurate records, with invoices and receipts of all your transactions



29. Don't give product or business capital away to friends or relatives
30. If you can supply other products - tell your customers about them
31. Try to avoid selling all your produce to just one customer – if things go wrong you will lose all your sales
32. Focus, focus, focus concentrate on your one venture

A Registered Microenterprise with One or More Employees

Practical Guidelines in addition to those for a Home based start up

1. A Christian business person should wisely define what is the mission and ethos of your business and ensure all employees know what this is.
2. Make sure you have written agreements with landlords, partners, suppliers and employees. You may prefer to pay staff per item produced or per hour worked
3. Ensure you plan to help your employees develop their full potential, by providing suitable training and opportunities
4. Pay a fair wage and always pay wages when they are due. Be aware of any national minimum wage obligations
5. Select employees very carefully and dismiss bad ones quickly but fairly.
6. Buy low, sell high (Maximise your profit margin)
7. Use multiple suppliers and negotiate the best price. Ensure your material suppliers can meet all your needs. Purchase in bulk if you can for a better price, but be sure you can use the larger quantity in a reasonable time
8. Buy on credit, sell for cash – that helps cash flow, giving you money to pay your bills
9. Aim to increase sales and reduce costs
10. Turn over your inventory of finished goods as often as possible
11. Value your customers – give superior and consistent service. Give customers a reason to come back to you – be better, faster, cheaper than your competitors. Treat all customers with dignity and respect, not just as a means of profit
12. Check and inspect more – assume less
13. Practice continual improvement (Kaizen) – vital for growth
14. Make a profit every day
15. Work on your business not just in it – observe, reflect and fix things not right



16. You will probably need to produce annual accounts - find a suitable accountant who can help you produce the right format and audit your accounts for you if necessary. Be careful, accountants can be very expensive
17. Set up a clear plan for your annual sales and expenditure. Set daily and weekly goals – aim high!
18. You should understand what is meant by ‘Cash flow’. You should always have enough money available to pay your bills when they are due. Lack of money to pay your creditors is a major cause of business failure. Being profitable and having good sales does not prevent serious problems if you have no money to pay bills!
19. Studies have demonstrated that over 50% of businesses, large and small alike, will experience employee theft and none of these excuses will eliminate the problem! Scripture reminds us, "Know well the condition of your flocks, and pay attention to your herds- for riches are not forever" (Proverbs 27:23-24, NASB) and John instructed, "Watch yourselves, that you might not lose what we have accomplished..." (2 John 8, NASB).
20. Focus, focus, focus concentrate on one venture and make it succeed

