

Depth Perception

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A few distinctions

The time has come to make a few distinctions. While the terms accounting, finance and economics involve money and therefore are related, using these terms synonymously and interchangeably does not help us—especially when bringing leadership to an organization. Admittedly, these are simplistic and incomplete definitions, but they help to identify the differences. Accounting: providing a counting of overall income and expense over a specific period of time. Finance: forming an estimate of the impact on a specific set of income streams and/or expenses as a way to evaluate financial choices. Economics: considering what happens to entire systems as choices are made, not just with money but with all means of exchange. Please note that accounting is rigorous and desires to be precise. Finance uses estimation and works with a variable or two. Economics chooses a number of assumptions and can work with a complex number of variables. Economics though helps me vision a possible future. Finance helps me determine how to proceed toward that future. Accounting tracks my performance. Check with your board and those managing the money. More importantly, review the public communication of your organization to see whether you are making these distinctions.

— mark l. vincent

2008 Update

Mark and Lorie Vincent established Design For Ministry™ in 2001, due to the continuing demand for Mark's skills as a problem solver, particularly where money and organizational life intersect. By 2003, we developed a network of experts available to help organizations in the process-oriented style for which we have become known. We also opened Resource Emporium to house the resources our experts develop. In 2006 we launched Wisdom Central™—an online resource for inexpensive access to quality expertise. In 2008 we are delighted to announce our change from a network to a firm. Our network of experts continues of course, but functioning as a firm with stakeholding partners adds to our stability and commitment to serve our clients for many years in the future. We look forward to introducing our partners to you in the months to come.

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