

Case Study Part 3 - "People"

3.1 Christian Witness & Integrity

As Christian businessowners, our words are our bond. We honour what we say and say what we mean. For this reason, we ought to exercise great wisdom and discernment in what we say, even with things left unsaid, for others may draw inferences from our associations. We must be watchful that our good name is not unwittingly misused or misinterpreted, bringing harm to ourselves.

Proverbs 3:27 "Do not withhold good from those to whom it is due, when it is in your power to act. **28** Do not say to your neighbour, "Come back tomorrow and I'll give it to you" – when you already have it with you." (NIV)

Psalms 37:21 "The wicked borrow and do not repay, but the righteous give generously." (NIV)

Proverbs 12:26 "The righteous person is cautious in his friendship..." (NET)

Psalms 15:1 "Lord, who may dwell in your sacred tent? **2** The one whose walk is blameless ... **3** who does no wrong to a neighbour ... **4** ... who keeps an oath even when it hurts..." (NIV)

Proverbs 22:1 "A good name is more desirable than great riches; to be esteemed is better than silver or gold." (NIV)

Case Study

Jack was a Christian businessman known in the marketplace as a person "who does what he says," and he enjoyed the favour of the Lord and of men.

After retiring from active business, Jack devoted his time to his church and ministry. Sam, a fellow believer from the church, approached Jack with a proposal to embark on a new business venture. Jack agreed, providing 100% of the required capital and holding a "non-executive directorship" in the company. Taking a hands-off approach, Jack left the running and management of the company to Sam.

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Sam, young and ambitious, grew and expanded the business swiftly in his youthful exuberance. He was well received by counterparties and suppliers alike because he was known to be Jack's protégé. As the business grew rapidly, Sam built up significant receivables and stock-in-trade, much of which was financed by debt. To gain market share, margins were compromised. Much of the debt was owed to suppliers who had extended unsecured credit largely based on Jack's reputation and integrity.

Two years into the business, the company faced serious liquidity problem as the country has gone into recession, and Sam was now unable to pay his suppliers. Cash flow turned negative, and suppliers were then only willing to sell on cash-on-delivery basis. Anxious suppliers, especially the smaller firms, were begging to be paid.

Sam held a crisis meeting with Jack and advised that, since the company had been incorporated under the "limited liability" status, Jack should simply walk away and allow the company to collapse.

The collapse would inflict severe losses on dozens of SMEs, many of which were owned by non-Christians. Jack was rudely awakened to the horror of the problems and regretted his lack of oversight and supervision. If Jack were to honour the debts of the company, it would seriously erode the nest egg he had built for his retirement and as an inheritance for his children and grandchildren. It would also significantly reduce the standard of living to which he and his family had become accustomed. At the same time, Jack found it difficult to walk away. He was now in a quandary.

Discussion

1. If you were Jack, what would you do? List out your options.
2. How should Christian view the concept of "limited liability" in business?
3. What lessons can we learn from Jack's experience?