

Partnerships

Proverbs 22:26 Business Partnerships

Be not one of those who strike hands and pledge themselves, or of those who become security for another's debts.

1. Solomon warned his son against foolish financial risks. It was a common temptation, especially for a wealthy prince, to guarantee others' debts. The desire to help those in need, whether from charity or pride, could be hazardous. The wise man saw the danger of over committing capital and often warned against it ([6:1-5](#); [11:15](#); [17:18](#); [20:16](#); [27:13](#)).
2. Striking hands - shaking hands in our culture - sealed a deal ([6:1](#); [17:18](#); [Job 17:3](#); [Ps 144:8,11](#)). This simple gesture of financial commitment could have severe consequences. Done hastily without due thought, a man could create enough contingent liabilities and be obligated to pay off enough debts of others to wipe himself out financially ([22:27](#))!
3. Are you prudent with the income and assets God has given you? A symptom of this foolish and wicked generation is the many personal and corporate bankruptcies. Wise men minimize debt, shun needless risk, avoid cosigning loans, maintain savings, invest cautiously, purchase insurance, and work diligently. They do not get in a position even close to bankruptcy, and they would never use it to cheat a single creditor of even a dime.
4. Consider the ways Americans strike hands and take on foolish financial risk. They flash credit cards for frivolous and discretionary spending, and then the bill arrives with a 21% interest rate attached. Many never get out of this hole. They stay afloat temporarily by using other cards to fund their living. But disaster is just ahead! Solomon warned you!
5. They learned it from big government and mass merchandising. Central governments have little fiscal restraint, because they believe they can create money to pay their bills. They will keep spending until the whole house of cards (their financial system) collapses. And modern advertising and purchasing convenience keep citizens spending beyond their means. The government should require warning notices on credit cards, not cigarettes!
6. Prudent men do not put all eggs in one basket, no matter how attractive the deal appears. They diversify their investments and sources of income. They do not enter business deals under capitalized, for they know that is one of the surest invitations for trouble. And they do not overextend themselves by building too big, buying too much, or living too high.
7. A wise man always asks, "What if?" And his question is not, what if this venture goes gangbusters, how will I spend my millions? His question is always, if this venture goes bust, can I still support my family and fulfill my obligations. Solomon warned against any financial choice that creates unnecessary or dangerous risk. You have been warned!

Proverbs 20:16 (Amplified Bible)

[The judge tells the creditor] Take the garment of one who is security for a stranger; and hold him in pledge when he is security for foreigners.

1. Taking risks does not prove courage or wisdom; it is usually evidence of haste and folly. Unnecessary risks tempt God, and He will judge such presumption. This proverb teaches that men should also judge those who take foolish risks. Because they show the character fault of foolish risk taking, security should be required in any transactions with them.

Solomon often warned against suretiship ([6:1-5](#); [11:15](#); [17:18](#); [22:26-27](#); [27:13](#)). See the [comments](#) on 6:1. In fact, our proverb has a twin in 27:13. A great part of wisdom is avoiding risks that could cost you financially or in other ways. Wise men strive to preserve capital, not foolishly risk it to loss by naïve and ignorant optimism. Prudent men avoid danger and risk; simple men pass on foolishly and get punished ([22:3](#); [27:12](#)).

2. Being a surety is guaranteeing the performance of others, as in co-signing loans. Doing this for a stranger, due to haste or pride, can create serious financial trouble. If the stranger does not perform, creditors can enforce the contract on the guarantor - the fool who co-signed the deal. It was a big temptation to kings' sons to guarantee others. But if a person has exposed himself to such risks, how can you trust him to make good to you?

3. Solomon gave his son a rule about business partnerships. Do not enter transactions with risk-takers, unless you take security of them. Since garments were valuable possessions in Bible times, he suggested taking the garment of risk takers as a performance bond, security deposit, or earnest money ([Gen 38:13-18](#); [Ex 22:26-27](#); [Deut 24:10-13](#)). By taking a security deposit, a wise man can safely enter contracts with foolish men. Choosing the wrong partner – example:

ENRON - Formed in 1985 from a merger of Houston Natural Gas and Internorth, Enron Corp. was the first nationwide natural gas pipeline network. Over time, the firm's business focus shifted from the regulated transportation of natural gas to unregulated energy trading markets. The guiding principle seems to have been that there was more money to be made in buying and selling financial contracts linked to the value of energy assets (and to other economic variables) than in actual ownership of physical assets. Until late 2001, nearly all observers – including professional Wall Street analysts – regarded this transformation as an outstanding success. Enron's reported annual revenues grew from under \$10 billion in the early 1990s to \$101 billion in 2000, ranking it seventh on the Fortune 500. The unraveling began in August 2001, when CEO Jeffrey Skilling resigned for undisclosed reasons. On October 16, Enron reported its first quarterly loss in 4 years. The role of a company's board of directors is to oversee corporate management to protect the interests of shareholders. However, in 1999 Enron's board waived conflict of interest rules to allow chief financial officer Andrew Fastow to create private partnerships to do business with the firm. These partnerships appear to have concealed debts and liabilities that would have had a significant impact on Enron's reported profits. Enron's collapse raises the issue of how to reinforce directors' capability and will to challenge questionable dealings by corporate managers. Summary: Jeffery Skilling-CEO was a visionary, developer,

entrepreneur that did not like details and finance. He hired Andrew Fastow as chief financial officer who was a high risk, dishonest, wheeler and dealer. Accounting firm Arthur Anderson supported what Fastow was doing . Without checks and balances and honesty many investors lost everything they had.

4. The second clause of the proverb has an ellipsis, words intentionally omitted to shorten the sentence and increase the force. Pledges, or security deposits, should also be required from men who have dealings with strange women. For the immoral, or amoral, lifestyle of a whoremonger indicates that you should not trust him in business or financial transactions. To protect yourself, you need to take a security deposit again.

5. It is wonderful to meet godly men, with whom you can enter partnerships and transactions and not worry at all. But men who are not disciplined financially or morally are not good business partners. They should be avoided. A wise man will not risk his own financial life by trusting a person who takes unnecessary risks with capital or women.

6. Reader, it is better to be safe than sorry. Resist all the appeals of others, and the pride and greed raging within, to be a risk-taker. And avoid commitments with whoremongers.