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Chapter 7 Application Questions

7-27

Ethical considerations should always be part of a company’s business plan. This should include things such as establishing a strong ethical culture and implementing an ethics training program. It sets the standard for the company and helps eliminate potential issues and even law suites. A company should periodically measure its ethical performance. This can be done in a variety of ways for example looks at history of problems delt with through the HR department and see if the problems are addressed in the companies ethical training. The company could also do a companywide survey to determine if the employees feel the training is adequate or if it is missing something.

7-28

No, what Tom has said is not a sound strategy for him to follow. Tom may not always have a large order to fall back on to catch up on his bill and it does not solve is cash flow issue. Pushing the bills can give Tom more time to come up with cash however this isn’t something that can be kept up in the long run. Eventually, he will run into the problem where he has no money, and he won’t have his large orders to fall back on. He needs to figure his cash flow issue out as immediate as humanly possible and if borrowing money gives him enough time to fix his issues then that is what Tom should do. Prolonging the inevitable is something a business should never do. However, face the problem as soon as possible and attempt to find the solution.