

Nebraska Future Business Leaders of America 2012 State Leadership Conference

Business Ethics Case Study – Preliminary Round

Directions: Refer to pages 4-13 to 4-15 of the Nebraska FBLA Handbook for complete details.

- Prepare your team's solution to the following case study.
- The solution should be no more than two double-spaced pages of text using 12-point font and one-inch side margins.
- A bibliography should be submitted as the third page using any acceptable bibliography format.
- Place the event name, team members' names, and chapter name in the upper right corner of the page.
- Submit the solution by the SLC registration deadline of **February 15**.

Case Study

Joe had just started an international job for a frozen prepared foods division of a large conglomerate, and he was eager to make high marks with his manager as well as upper management. One of his first assignments was to strengthen distribution and sales in a tropical market that had historically been a very large revenue producer for the firm. Recently, however, sales had weakened, even though Joe was introducing new items in the marketplace. The expectation was that sales in his division would increase by 20% in the market; instead, they were seeing a decline of 20%. In addition, his division had recently switched distributors from a full-line company to a sister company, which was focused primarily on dry and refrigerated foods. Again, the expectation was that this change would increase sales by 10%, and so the fiscal plan had a 30% increase in sales.

Joe found himself inheriting a difficult situation and knew he had to act fast if he were to meet the goal. He visited the marketplace and conducted store checks with the distributor's general manager of sales. While the product was shelved well, in a number of different chains the product looked as though it had "slacked out" or been melted and refrozen. Consumers would not pull product off the shelves where the cartons looked soggy, and so Joe knew that this was causing his declining sales. When he asked the distributor sales manager about the issue, he shrugged and passed it off as just the tropical environment and frozen store equipment that tended to be faulty. In addition, there were occasional black outs due to random power outages. Joe looked at the competitive product, and their cartons looked fine. Joe also had visited the market with his boss when they were using the old distributor and he had not seen this type of product abuse.

After a couple of weeks of investigation, Joe determined that his sister company was not shipping his frozen product in frozen condition but was shipping it with their refrigerated products at higher temperatures. The sister company had not invested in equipment to ship the products at 10 degrees or less, and their dock area was not refrigerated (which led to products being exposed to the tropical heat).

Joe knew the sister company's division president was next in line to be the chief operating officer of the entire conglomerate, and therefore, Joe knew that this could potentially be political dynamite.

Joe wonders if he should tell his boss. He wonders how or if he should deal with this situation. Please provide Joe advice as to what his options are and what his best course of action might be.