

# Galena medical corporation



A. The situation involving Galena Medical Corporation has many stakeholders involved. One of the most important stakeholders in this situation is Sam Afar. Sam Afar is the president, founder, and majority owner. As majority owner he holds 51% of the stock. Jill Hutting is another significant stakeholder in this situation in which she holds 40% of the stock. Both Sam and Jill are the prominent stakeholders because if Jill is able to purchase more shares or increase her voting power Sam will risk losing control of his company or even worse he may face the possibility of losing his job.

If Sam loses control, the company will no longer move in the direction he is striving for. Because Jill is a unemployed investor she would like to see a better return on her investment. Therefore, she would like more emphasis on the marketing function and less emphasis on the R&D functions, which are the primary focus now. Because of the possibility that the debt may increase it can have an adverse affect on the company and its standing. Employees are also stakeholders because depending on the direction of the company, it could affect their standing within the corporation as well.

Customers are also stakeholders, this being so because deemphasizing R&D functions may hinder the finding of new lifesaving mechanisms. Other stakeholders include: the other minority 8% stockholders, suppliers, and those within the medical community. B. The ethical issues that arise in the case are based on the motives of certain individuals. For example, Jill would like to decrease the R&D department functions and increase the marketing function. She wants to increase the marketing function so that the company is able to maximize short-run sales and profits from existing products.

As a unemployed investor, Jill Just wants to see a bigger return on her investment, which shows she is only concerned with how much the company excels financially and not who is benefiting from what the company is doing. Another ethical issue that is posed is when looking at Sam, is what he is doing ethical or even legal? Sam wants to hold his leverage in the company, the only way this is possible is by him maintaining majority position. Being that most of his personal capital and borrowing power is tied up in his ownership he is not able to compete with the other stockholders if additional tock is offered.

Since Sam is scared of Jill dictating the future of the company, his ethics comes into play regarding whether or not he has the company's best interest at heart or his own. C. Elf I were in Cam's shoes, the first action I would take is to go back and review the company's mission statement. I would do this to ensure that I am operating the company along the guidelines in which they were founded upon and not solely in my favor. The next step would be to hold a meeting with those who hold stock within the corporation.

This is very vital because everyone's opinion hiccup be voiced, it will also give stakeholders the opportunity to bring problems to the table. Hopefully by having this meeting they would be able to come to an agreement or compromise regarding the situation. If after all of these attempts to come to an agreement with no luck, I think it would be best to then issue the bonds that have high effective interest rates. Because this is Cam's company that he built from the ground up I know he would hate to lose control; however his company was built to help the healthcare community thus he should keep the communities best interest at heart.