

Acc501 - accounting for decision making, mod 3 slp

Finance



ASPCA and the Implications of Financial Decisions of the of the ASPCA and the Implications of Financial Decisions Introduction

Finance is the lifeblood of any organization, and this is as true of non-profit institutions as it is of enterprises run for profit. In the modern business environment, the work of the CFO or Financial Manager includes not only to oversee the running of the enterprise in terms of day to day activities and needs but also to liaise with Human Resources, advertising, marketing and other functional areas to determine their needs for funding in hiring, purchasing and advertising and marketing activities (Rao, 1989). This can include contacts and agreements with sponsors, advertisers and banks- as the case may be. In this paper we are going to discuss a decision that has recently been made by the ASPCA and its financial implications.

Discussion

The ASPCA is a non-profit organization that is based in New York. It was founded by Henry Bergh in 1866. As the first animal welfare organization in the USA, it took on the humanitarian role of protecting animals by rescuing them from abuse, developing humane laws and establishing a network of countrywide shelters to help carry out a collaboration with animal lovers (www.asPCA.org).

One of the decisions that was recently made by the ASPCA was a collaboration with Bank of America in terms of issuing a special ASPCA credit card. This card functions very much like an ordinary credit card, but with a lot of benefits and privileges attached. For instance, every time a cardholder uses his or her ASPCA credit card to make a purchase, they will be helping fight cruelty to animals. Every dollar spent in net retail terms gathers points towards discounts, allowances and other privileges in hotel travel and <https://assignbuster.com/acc501-accounting-for-decision-making-mod-3-slp/>

accommodation- and may also result in cash and merchandise redemptions. The ASPCA credit card is being offered at a low Annual Percentage interest rate (APR) in order to attract customers. To apply one must be a Bank of America customer and have applied for online banking services or already own a debit or credit card issued by the bank.

Three Relevant and Non-Relevant Costs in this Decision

Relevant costs related to the decision to issue the ASPCA special credit card are the cost of issue to the Bank, the business expected to be generated by the use of this card and the general acceptability among American users.

The low APR seems to be appealing, as well as the plea to contribute to the safety and protection of animals all across the USA. Few people would find themselves resisting applying for this credit card. It not only allows them certain privileges, but also benefits in terms of cash discounts and allowances gained while shopping. In the current economic scenario in the USA, this is a welcome move to defeat the high rate of unemployment and recessionary trends. Non relevant costs for ASPCA and Bank of America but relevant for the retail institutions like shopping malls, stores, hotels and airlines are the revenues generated by use of the ASPCA credit card to book hotel accommodations and airline trips. They would be interested in matching the revenues earned to the discounts allowed, as well as rewards in air travel miles, discount in retail purchases and redemptions in cash and merchandise, working out the net gain. It is essential that the costing elements of issuing the ASPCA credit card be worked out very thoroughly by the Bank. But by far the most important aspect of this decision is that every time the ASPCA credit card is used, it contributes to the cause of animal shelters and protection efforts across the USA.

ASPCA Bank of America Credit Card

Relevant Costs

Non-Relevant Costs

Cost of Issue

Duration of Promotion

Business to Be Generated

Cost of Animal Shelter

Discounts and Privileges Availed

Frequency of Use

References

Rao, R. K. (1989). Fundamentals of Financial Management. Prentice Hall.

The ASPCA website at [www. aspca. org](http://www.aspca.org). Accessed on 18 Aug 2011.