

# The north texas cotton cooperative

[Business](#), [Human Resources](#)



It is therefore clear at this point that Barr substantially lacked the real essence of control and credit risk management. He should be relying more closely on empirical evidence instead of on his personal opinion on the issue.

2) Does Rabobank Nederland have good control over the accounts managers it is New York branch? Would you suggest any changes be made: (1) in the near future? (2) Over the next 5 years, assuming that the branch continues to grow?

In the near future, Rabobank should always ensure to book good deals as it was part of its original components of the undertakings from the moment it started the whole wide operation. However, considering how Barr potentially considered credit risk management and would decide situation based on his personal opinion and not on empirical evidence, there should be potential changes to be made at Rabobank in the near future. Rabobank should further increase its control over the accounts managers situated in the New York branch. However, assuming that the New York branch continues to grow in the next 5 years, Rabobank should ensure more enhancements rather than changes to be made and learn further on the skills attributed by the accounts managers for they must have been potentially good at what they are doing.

## 6. 2 Airtex Aviation

1) Did Airtex need a new control system at the time of the takeover?

As far as taking over is concerned, a need to consider a control system is necessary, whether existing or new. However, in the case of AirTex and the take over of Frank and Ted, a new control system is necessary because the

latter seemed to have great expectations not just on the entire company but to be specific this included the management and control system.

Furthermore, there were other relevant and necessary factors that need to be included like culture. In the takeover, part of the concern of the new administration on management and control should include the culture or the working environment. This part should not be overlooked as the new administration's expectations should be aligned with the prevailing working environment at AirTex.

2) Evaluate the control system that Frank and Ted implemented. Should anything have been done differently?

The Daily Department Report initiated by Frank and Ted was remarkable, as this would include operating and accounting information on a daily basis that eventually would aid the actual decision-making process. However, this requires constant monitoring and dynamic approach in order to always keep track of the most essential information on a day to day basis. In other words, aside from existing departments which are tasked to employ this strategy, Frank and Ted should also have allocated additional resources which are only responsible for converting information into something essential empirical output in order to make the decision-making process at a fast pace, highly systematic and scientific in approach in as much as possible.

7. 1 Global Investors, Inc.

1) What transfer pricing model is in the best interest of Global Investors, Inc.?

To recognize profit in Global Investors Inc is the required model of transfer pricing and this was remarkable of great interest. In fact, Bob Mascola was

looking forward to this. There were originally two choices considered. The first one would require the regional offices to be treated as autonomous profit centers. The second one would treat the revenues produced by any investment activities to be recognized in New York. On the other hand, other alternatives would be “ assets under management”. This model considers the two original choices of transfer pricing models by taking into account their respective assumptions and considerations. This could substantially recognize profits in GI’s subsidiaries because the point of this model is to have a dynamic allocation of the actual profit to the tangible profit center in which its revenue was generated.

2) If management evaluation and compensation were the primary purposes of the transfer pricing system, how should the choice of the transfer pricing method be made? Suggest alternative transfer pricing strategies for the firm.

At this point, it is important to consider not just the profit, but at the same time the cost incurred by the firm. In this regard, it is important to consider the management of both cost and profit. It is therefore important to apply the very concept of “ assets under management” but at this point, both cost and profit should be dynamically allocated to the actual profit center in which the revenue has been substantially created. This is just one alternative course of action. On the other hand, it would also be important to consider treating actual cost in the same way as to how the revenue would be treated. At this point, there is a remarkable effort to systematically itemized cost incurred by each active subsidiary.