

Goodwill stores: a business case

Business



**ASSIGN
BUSTER**

The circumstance given depicts how important cash discounts are when looked into in real life. The latter compels debtors to pay on time their liabilities and when they do so, gaining deductions on their payables to one or several persons (their creditors). Accordingly, it also showcases some alternation of standards as businesspersons become more aware on how to manage or manipulate the said deductions.

Like in the given situation wherein the cash discounts were still recorded though paid after the discount period where the business blamed the mail room or the post office for the delay (using the long process the reason of default of payment). Most likely, in that given case, only a few portion of the cash discount will be exhausted against complaint which, I think, is an advantage to the creditor (from 4% cash discount to 3% because of delay) since that does not completely exhaust the entirety of cash discount.

Moreover, debtors often recognize and accept that cause making the full payment still fall on the discount period though was really paid beyond it. So the firm, instead of paying their debts on proper time (w/ discount), extends their actual payment on it using the money to some more transactions that involves credit terms or agreement. Ulysses, being a new employee of the company, would merely adhere or hold on into that “special norm” discussed to him by Lavares; that norm that exempts some of our deemed knowledge pertaining a particular business concept.

Most firms, especially the low earning one, will most likely be induced by such having their reason “Other businesses do it anyway” (Peer pressure) and the thinking that it is so possible and somehow licit. Given these

beneficial advantages doing such, it is still best to comply with things in good faith or on what is right (payment on the proper discount period). By that, at least, he would assure that he will not have a hard time when sleeping at night. Discussion 1. What are the ethical considerations in this case? Again, it is still best for debtors to pay their debts within the proper discount period (safety of self and of business).

Taking into account these “ethical considerations” that must be observed or else the firm will suffer their corresponding consequences, we may assert to the potential-onerous nature that in compliance of debtor may bestow. Given the fact that creditors may demand for disclosure on certain parts of his debtor’s record, the latter should at least be prepared and has a good reason out of that, should be able to expound something important on it (allowing the cash discount), and maybe present tangible proofs that is suitable and reasonable or else he would suffer the thing plus damages.

Given the rights in fully examining the record (by looking into the ledger account of cash to check if the debtor really paid within the discount period), the creditor may know if the debtor truly paid on that day or not. Another point here will be the need of creditors of money on the last date of discount period. Since no money was received by him, it is apparent that he somehow suffered something (for instance he also has a debt to someone).

And the proper or just remedy for that will be the cancellation also of the cash discount he provided his debtors (those who pay beyond the discount period and continue to blame the post office, etc to sustain the cash discount). The problem in those considerations is that only a few applies it.

They just keep everything, the operations, fast and in line with their competitors and clients' needs without concern to the fundamental principles they should be applying (knowing only is insignificant).

2. Who are the stakeholders that are harmed or benefited in this situation?

Debtors, given the latter, should also keep in mind that the in time when they are now in the position of a creditor allotting cash discounts, there is a great possibility of them encountering such that would also delay the proper date of payment yet still acquire the cash discount through excuses and reasons. Here, it would be prejudice if the creditor would not allow such because he himself actually did the same in time he was a debtor.

This implies the practicality today that most would consider or acknowledge cash discounts even if they are paid a bit late, depending on the situation. Again, the essence of entice is here that forces creditors to condone not-on-time payments. Having that context, we may arrive or be aware that there are persons benefiting and not benefiting from it. Those who benefit from it in general would be the debtors. They are the persons pardoned from the delay in payment or just suffer a small reduction in the discount rate agreed.

Another benefit out of that would be the idea that they could stimulate more the inflows and outflows of the firm's money. Those merchandising firms that issue charge sales invoice in most of his transactions often benefit from these (large receivables all subject to cash discount). Accordingly, creditors are persons harmed out of it. Harm here would depend on the need of creditor for money because again, there are cases where payment to one is depended upon the payment of another.

If the creditor was not able to pay his creditor and get the discount amount because of no payment of his debtor, the best remedy would also be the cancellation of the latter's right to cash discount. Having all that, we may deem that those who are new to these kinds of things and ideas would most likely be harmed. 3. Should Ulysses continue the practice started by Philmon? Does he have any choice? In the beginning, yes, he should continue the practice started by Philmon.

He must, at first, look and understand more the situation the firm is confronting and all of the matters in it with regard to the department he was placed in. In time he already knows all of the business' complexities and such; he may now start to consider himself worthy and commence to petition for amendment or proposition of things and ideas (innovation) in accordance to what he deems more appropriate and more ethical relying on his substantial knowledge about the matter and to somewhat make it correspond more with the ethical considerations discussed earlier.

Looking at the choices he has given this situation, I think he has many. If he often feels insecure working on such idea that it may be licit or not, he would not be able to perform well his job on the firm and would preferably be placed in another firm that usually just do the same thing. Given that reality, it is still best just to go on with it and slowly make the things better via recommendations, proposals, etc. Recommendation First would be for the firm to withdraw and dispose all its late payments and pay them instead on time.

Then focus on things the business could lend or give credit to (maximizing the opportunity to supply loan). So in the right time, they would start getting their desired money on hand sufficient to cover what they will provide their debtors. Aside from security, doing such may give a good psychological effect to workers like Ulysses who engages in preparing and dating of checks. Having such in place of work, the continuous essence of motivation will more likely be observed and raised leading operations in a more productive form. Additionally, innovations, leadership, teamwork, and the like would also rise.