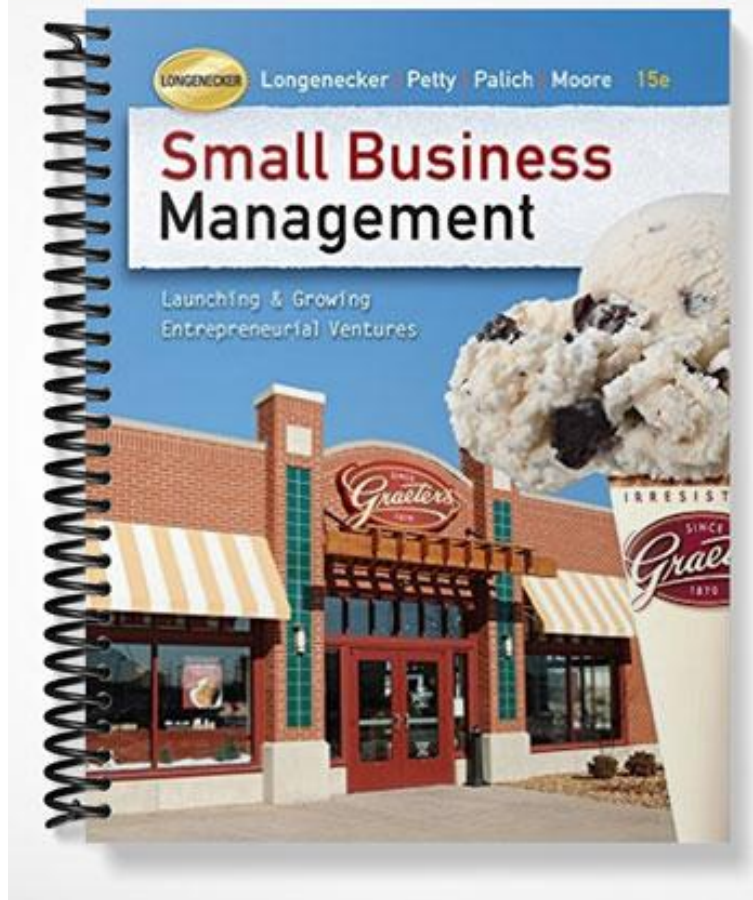


SOLUTIONS MANUAL



Chapter 2 Integrity and Ethics of Entrepreneurship

CHAPTER OUTLINE

Spotlight: Joseph's Lite Cookies (<http://www.josephslitecookies.com>)

1 Integrity and Entrepreneurship

Define integrity and understand its importance to small businesses

➤ What Is Integrity?

- An uncompromising adherence to the lofty values, beliefs, and principles that an individual claims to hold
- Acting with integrity means considering the welfare of others

2 Integrity and the Interests of Major Stakeholders

Explain how integrity applies to various stakeholder groups, including owners, customers, employees, the community, and the government.

➤ Ethical Issues

- Questions of right and wrong
 - Category One – related to customers and competitors
 - Category Two – the way a company treats its employees
 - Category Three – obligations of employees to their employers
- Stakeholders – those who either can affect or are affected by the performance of the company (see Exhibit 2-2_
- Difficult Ethical Issues Facing Small Firms – Exhibit 2-1

➤ Promoting the Owners' Interests

- Business owners have an obligation to make choices that protect the financial investment that others have in the company

➤ Caring about Customers

- Customers are the most important stakeholder groups – without customers there is no business

➤ Valuing Employees

- Fairness, honesty and impartiality inherent in decisions and practices
- Fairness works both ways – FBI statistics indicate employees who steal supplies, merchandise, tools, or equipment from work may cost employers as much as \$150 billion each year (figure doesn't include embezzlement)

➤ Social Responsibility and Small Business

- Social Responsibilities – A company's ethical obligations to the community
 - Contribution starts with creating jobs and adding to local tax revenues causing goodwill in the community
 - Examples of Citizenship in the community (see page 39-40 in text)
 - Varying Views on Social Responsibility - Survival of small businesses may cause social responsibility to be looked at as a luxury they cannot afford – however the owners often spend their own money rather than corporate funds

➤ Governmental Laws and Regulations

- Entrepreneurs must comply with government laws and regulations
- Unethical behavior includes fraudulent reporting of income and expenses for income tax purposes
 - Skimming
 - Tax evasion

Chapter 2 Integrity and Ethics of Entrepreneurship

- Casual accounting systems

3 The Challenges and Benefits of Acting with Integrity

Identify challenges to integrity that arise in small businesses and explain the benefits of integrity to small firms.

➤ The Vulnerability of Small Companies

- Small, privately held firms may face greater pressures to act unethically and to rationalize situations and actions
- Most entrepreneurs exercise great integrity, but some are vulnerable when ethical issues directly affect profits

➤ The Integrity Edge

- Price of integrity high, potential payoff incalculable
- Study by John Kotter and James Heskett found that the more a company focuses on the needs of shareholders alone, the lower its performance—all stakeholders must be considered to perform better
- Integrity generates trust—the greatest benefit

4 Integrity in an Expanding Economy

Explain the impact of the Internet and globalization on the integrity of small businesses.

➤ Integrity and the Internet

- Honesty, deception, and fraud affect the Internet as well as traditional commerce
- Intellectual property has become a larger issue due to the Internet
 - Original intellectual creations, including inventions, literary creations, and works of art, that are protected by patents or copyrights
- eBay example provided that deals with sale of counterfeit goods

➤ International Issues of Integrity

Discuss how ethics are different in other countries.

- Rogue businesses may be tolerated by local governments, but labor activists and human rights organizations have condemned them
- Ethical imperialism
 - The belief that the ethical standards of one's own country can be applied universally
 - Foreign Corrupt Practices Act – makes it illegal for U.S. businesses to use bribery elsewhere in the world
- Ethical relativism
 - The belief that ethical standards are subject to local interpretation
 - Training is necessary to ensure employees understand the firm's commitment to integrity
 - One-time practices may set a pattern for future behavior

5 Building a Business with Integrity

Describe practical approaches for building a business with integrity.

➤ The Foundations of Integrity

- Underlying values

Have students discuss a difficult ethical dilemma faced at work or at school

- Unarticulated ethical beliefs that provide a foundation for ethical behavior in a firm
- “Actions speak louder than words” – behavior reflects the level of a person's commitment to honesty, respect, truthfulness, etc.

Chapter 2 Integrity and Ethics of Entrepreneurship

- **Leading with Integrity**
 - Establishing high standards of integrity is more apparent in small firms than in large ones
 - Personal integrity of the founder or owner is the key to a firm's ethical performance
 - **A Supportive Organizational Culture**
 - Ideally the instinctive resolution of every ethical issue is doing what is right
 - Kenneth Blanchard and Norman Vincent Peale (*The Power of Ethical Management*) suggest five fundamental principles:
 - Purpose – the vision for the company and your core values will guide business conduct
 - Pride – when employees take pride in their work and their company, they are much more likely to be ethical in their dealings
 - Patience – if you push too hard for short-term results, sooner or later acting unethically will seem to be the only way to achieve the outcomes you seek
 - Persistence – stand by your work, which is the foundation of trust
 - Perspective – stop from time to time to reflect on where the business is going, why it is going that way, and how to plan to get there to assure you are on the right track
 - Code of ethics – official standards of employee behavior formulated by a firm
Ask students about Codes of Ethics they have come into contact with and have them discuss what those Codes included
 - **Better Business Bureaus**
 - Encourages ethical practices
 - See Exhibit 2-3, The Ethical Code of the Dwyer Group
 - **An Ethical Decision-Making Process**
 - Step 1: Define the Problem
 - Step 2: Identify Alternative Solutions to the Problem
 - Step 3: Evaluate the Identified Alternatives
 - Rotary Club International suggests
 - ◆ Is it the truth?
 - ◆ Is it fair to all concerned?
 - ◆ Will it build goodwill and better friendships?
 - ◆ Will it be beneficial to all concerned?
 - Golden Rule
 - ◆ Treat others as you would want to be treated
 - Separate what you think is the case from what you know to be true
 - Step 4: Make the Decision
 - Step 5: Implement the Decision
 - Step 6: Evaluate the Decision
- 6 Social Entrepreneurship: A Fast-Emerging Trend -- entrepreneurial activity whose goal is to find innovative solutions to social needs, problems, and opportunities**
Describe social entrepreneurship and the costs and opportunities of environmentalism for small businesses.
- **The Burden of Environmentalism**

Chapter 2 Integrity and Ethics of Entrepreneurship

Have students discuss environmentalism concepts.

- The effort to protect and preserve the environment
- Cost to business of environmentalism may be prohibitive to small business however win-win solutions are possible
- **The Potential of Environmentalism**
 - Adds to cost for some small companies, opens opportunities for others (may even create startups)

ANSWERS TO END-OF-CHAPTER DISCUSSION QUESTIONS

1. *The owner of a small business felt an obligation to pay \$15,000 to a subcontractor, even though, because of an oversight, the subcontractor had never submitted a bill. Can willingness to pay under these circumstances be reconciled with the profit goal of a business in a free enterprise system?*

Of course, this is obviously the "right" thing to do, but it may also be the prudent response as well. First of all, just because the subcontractor has not submitted the bill does not necessarily forgotten about the small firms legal obligation to pay. Failing to follow through would certainly raise suspicions about the small company in this case. Secondly, if the subcontractor has indeed forgotten about the obligation, paying the bill will leave a great impression on the subcontractor and ensure perceptions that the small firms is trustworthy, which may lead to favorable business dealings between the two parties in the future. Finally, if the small business does not pay and word of this gets out, it is likely to damage the reputation of the firm, which can lead to a loss of business in the future, less favorable credit terms on the part of future lenders, etc. Doing the wrong thing can create some very negative fallout over time.

2. *Give an example of an unethical business practice that you have personally encountered.*

Most students, if they think a moment, can describe some personal business experience that struck them as unethical.

3. *Based on your experience as an employee, customer, or observer of some particular small business, how would you rate its ethical performance? On what evidence or clues do you base your opinion?*

No doubt students will report examples of both ethical and unethical performance. It should be interesting to observe the overall effect of conduct they sense and the clues on which they base their opinions.

4. *Give some examples of the practical application of a firm's basic commitment to supporting the family life of its employees.*

One example cited in the chapter was a bus driver who refused to take poor

Chapter 2 Integrity and Ethics of Entrepreneurship

people away to gambling facilities. Other examples would include policies restricting excessive overtime work that interferes with family life, setting adequate wage levels, and allowing flexibility in leave policies to permit employees to deal with family emergencies.

5. *What is skimming? How do you think owners of small firms might attempt to rationalize such a practice?*

Skimming is a method of reducing income taxes by falsifying tax returns through under-reporting of income. It might be rationalized in many ways—for example, “We’re already paying too many taxes,” “It provides compensation for unnecessary paperwork required by the government,” “Others do it,” or “It’s the only way we can survive.”

6. *What are some of the advantages of conducting business with integrity? Some people say they have no responsibility beyond maximizing the value of the firm in financial terms—can this position be defended? If so, how?*

There are many advantages to conducting business with integrity, beginning with maintaining a clear conscience! Integrity suggests that due attention will be given to the interests of the owners who, after all, have put up their personal resources to make the business possible, and more investment is likely to follow that which is appropriately managed. Integrity generates trust, which leads to repeat business by customers, low levels of turnover among employees, and a positive reputation in the community. These are all likely to lead to a financial edge for the company, but the primary motivation should run deeper, established on the knowledge that operating with integrity is simply the right thing to do, regardless of the outcomes. It should also be noted, though, that conducting business with integrity (e.g., paying all taxes owed under the law) can offer the important advantage of keeping the entrepreneur out of jail. Economist Milton Friedman, among others, argues that the only purpose of the business is to generate profits in an honest way, and this position seems sound. However, the path to profitability is not as clear as most people think. For example, the chapter cites research suggesting that companies perform best when they focus on all of the important stakeholders of the firm. In fact, the differences in performance levels are substantial. Those who accept Friedman’s position argue that it is not the right of decision makers in the firm to redirect the investment of the firm’s owners to community needs and other causes with which the owners may not have an interest, and this is a valid concern. It should be noted, however, that small companies often face a different situation since a single person—or a small group of investors—who can legitimately decide to spend their resources in any way they choose, usually owns them.

Chapter 2 Integrity and Ethics of Entrepreneurship

7. *Explain the connection between underlying values and ethical business behavior.*

A person's basic values show in ethical or unethical behavior. If a business leader deals unscrupulously with employees or customers, for example, it is evident that he or she lacks a strong internalized value system. Judeo-Christian values are the most widely accepted framework of values in our business world.

8. *Why might small business CEOs focus more attention on profit and less on social goals than large business CEOs do?*

Most small business CEOs are close to the action. They must often work aggressively to earn profits. Large business CEOs often have more abundant resources and can afford to be more socially conscious. Also, they face greater pressure to be socially responsible as a result of their size. Small firm CEOs are spending their own money, and they may be making contributions from their personal rather than their business resources (which makes them conscious of costs).

9. *Give some examples of expenditures required on the part of small business firms to protect the environment.*

Numerous examples are possible; students should be encouraged to cite examples of which they are personally aware. Some of those mentioned in the chapter refer to added costs borne by livestock feed lots, cement plants, and pet-food processors.

10. *Should all firms use biodegradable packaging? Would your answer be the same if you knew that using such packaging added 25 percent to the price of the product?*

Before we think about costs, the answer is an easy “yes.” If it costs 25 percent more, however, the answer is less clear. Society benefits and suffers in different ways from each solution. Creative solutions may avoid this either/or choice—perhaps the company could use less packaging or returnable packaging, such as The Body Shop uses. Opinions will differ concerning the best solution in such a case.

Chapter 2 Integrity and Ethics of Entrepreneurship

COMMENTS ON CHAPTER “YOU MAKE THE CALL” SITUATIONS

Situation 1

1. *What decision on Sally's part would contribute most to the success of her business?*

Hiring Julie seems to be the best choice. The fact that she is superior to the other candidates, based on experience and ability, suggests that she should be able to contribute most to the business. (Of course, one might also argue that hiring Julie is more ethical and that ethical decisions pay off in the long run.)

2. *What ethical reasoning would support hiring Mary?*

Sally has given her word to applicant Mary. She has told Mary that she has the job. The starting time has been specified. Since the instructions were verbal, it is probably not legally enforceable. However, does the principle of keeping ones promise allow for backing down at this stage? Mary may already have made commitments in view of the new job, and that fact that Mary needs the job to support her family makes this especially difficult.

3. *What ethical reasoning would support hiring Julie?*

Can the instructions to Mary be construed as merely tentative? If the agreement with Mary is not yet finalized, the job is still open until Monday. It might be argued that Sally can hire Julie and still be ethical. The welfare of Sally's own family would pull in this direction, even though it would be a big disappointment to Mary. Which of these positions or arguments is more persuasive?

Situation 2

1. *Is the project manager acting with integrity if he purchases unauthorized copies of the software on the black market?*

Based on the position taken in the chapter, the project manager would not be acting with integrity if he purchased unauthorized copies of the software, though it may be expensive to make the right choice in this situation. The logic behind intellectual property rights is that these offer protections that encourage the development of more innovations that can benefit all of society, so there is a greater purpose behind making the “right” decision.

Chapter 2 Integrity and Ethics of Entrepreneurship

2. *What might be the long-term effects of deciding to buy the pirated software? Of insisting on buying only legitimate copies of the software?*

As mentioned above, buying pirated goods discourages new innovation, which leads to less economic development and lower quality of life for society over the long run. It also encourages others to do the same thing, which could spill over to one's own customers. In other words, if it is widely known that you engage in this activity, then your customers may follow your example and buy counterfeit versions of the products you sell (assuming these exist). In any case, your customers, lenders, and other important stakeholders could legitimately conclude that the standards of integrity of the company are low and thus come to distrust the firm, which could have serious effects on the company. On the other hand, refusing to buy illegitimate goods would avoid these potential problems, despite short-term costs. It is also important to mention that the purchase of counterfeit goods is against the law (even in the Ukraine), though enforcement of the law is usually very weak.

3. *What are the important questions to ask in a situation like this? Follow the ethical decision-making process outlined in the chapter. Does it work in this scenario?*

There are many questions that could be asked in an ethical decision making situation, and some of these are covered in Step 3 of the ethical decision making process provided by the Ethics Resource Center in Washington, D.C. and as outlined on pages 51 and 52 of the chapter. For example, the Rotary Club framework asks, "Is it fair to all concerned?" The answer in this situation is that it obviously is not. Though that conclusion may not be so obvious to the average Ukrainian on the street, who comes at this from a different legal and moral perspective, it should be very apparent to the American manager in question. It would not be fair to expect a company (in this case, Microsoft) to spend millions of dollars on a software development project that many pay for, while others simply take it for free. Indeed, the fairness insured by intellectual property rights creates the financial incentive that drives the innovations that improve work and society in general. Other Rotary Club questions also apply. For example, will this action build goodwill and better friendships? It will certainly not build goodwill with Microsoft, a major vendor to most businesses. And there is a real risk related to friendship-building in this. If a person shows a friend that he or she is willing to cheat others, what is the friend to think about what that person will do to them? The act breeds distrust (or worse). And while a Ukrainian may not be so quick to see it that way, the act may be revealed to friends back in the U.S. and elsewhere who are more likely to see things differently. The last Rotary Club question is, "Will it be beneficial to all concerned?" The decision to use cheap, unauthorized software may be good for those who buy it, but it is not beneficial to the producing company, its shareholders, its employees, and their families.

Chapter 2 Integrity and Ethics of Entrepreneurship

Beyond the Rotary Club framework, the other questions in that section of the chapter are worth asking. Some of these are as follows:

- How would I feel if my decision were reported in the daily newspaper?
- How well could I explain this decision to my mother or children?
- Would this be acting in line with the Golden Rule?
- How would it be if everyone decided to do what you intended to do?

The answers to these questions could be very uncomfortable for the manager facing this software purchasing decision if he decides to do the “wrong” thing.

The ethical decision making process outlined in the chapter involves the following six steps:

1. Define the problem.
2. Identify alternative solutions to the problem.
3. Evaluate the identified alternatives.
4. Make the decision.
5. Implement the decision.
6. Evaluate the decision.

Starting from the beginning of this framework, the problem is not the availability of pirated software (though that contributes to it)—the problem is really the performance pressure that is tied to his decision. The financial performance of his office, annual bonuses, the fierce competitive environment, and even the potential closing of the office and relocation of his family hang in the balance of Brad’s choice (at least that is his read of the situation). That is enough to cause any manager to consider cutting corners. Step 2 asks about alternatives. Brad has many, though he may not be apt to think about them. For example, he should make it clear to management in the home office that his competitors do not feel compelled to obey the law, as he does, and that will weigh on the performance of the office in Ukraine. But necessity is the mother of invention, so he needs to think broadly about alternatives that may help to make up for his increased costs from this purchase. For example, are there other places that cut costs? Being forced to find these might help Brad identify cost savings that will help out his office on a continuing basis, not as a one-time purchase savings. Step 3 has already been covered above. Step 4 pushes the manager to choose the best ethical response. There is no perfect answer here because any solution involves a cost to the company, but the “right” and legal thing to do seems pretty obvious. Brad may not need to make the decision right away, because his office can probably “limp along” on the version of the software that it already uses, but that may not be the best thing for productivity. Delaying would also expose him to the temptation to buy the bootleg software day after day, which makes life more uncomfortable than it needs to be. He should probably implement the decision

Chapter 2 Integrity and Ethics of Entrepreneurship

soon (Step 5). Finally, it would be good for Brad to remember to evaluate the impact of his decision at some point in the future (Step 6). Though there is no way to know for sure what that outcome will be, we can only hope that making the right decision will be an obvious benefit to the company as time goes on, which will be likely to reinforce appropriate behavior when other decision come up.

4. *What course of action do you recommend? Why?*

Hopefully, students will choose, on principle, to avoid the purchase of unauthorized goods. However, it will seem proper to some students to decide to purchase the pirated software with the thought that doing so will boost the competitive position of the firm and thus protect the financial interests of the owners of the company. Other justifications for both courses of action are likely to vary considerably.

Situation 3

1. *Is this a customer relations problem or an ethics problem?*

This actually could involve both a customer relations problem and an ethics problem. However, customer relations would be the larger issue since it could involve a decision about future business from this client. Because the client approved the artwork and the missing period apparently was not noticed by either the client or WizeGuyz it doesn't appear to be an ethics problem. Had WizeGuyz noticed the missing period, not mentioned it to the client, and continued with producing the key chains the issue would have been an ethical situation.

2. *Is Whitaker's request reasonable?*

Since the client approved the artwork before the imprinting was completed, the request causes an inequity. Although WizeGuyz may respond with a price adjustment 65 percent of the total cost appears inequitable. Most such price adjustments would be closer to 10 percent of the total cost.

3. *Should WizeGuyz accept the proposed settlement?*

WizeGuyz should negotiate for a lower discount. The determination is whether the acceptance of this discount could lead to additional business from this client as well as whether WizeGuyz would feel comfortable dealing with this client in the future. Sixty-five percent appears to be an inequitable price adjustment.

Chapter 2 Integrity and Ethics of Entrepreneurship

SUGGESTED SOLUTION TO CASE 2: JOSEPH'S LITE COOKIES

- 1. Based on what you saw in the videos, describe how Joseph Semprevivo reveals his underlying values and applies them to building a strong business.**

As you learned in the chapter, what a firm's leaders or employees consider acceptable business practice reflects their underlying values. An individual's beliefs affect what that person does on the job and how she or he acts toward customers and colleagues. Joseph's actual behavior provides the best clues to his underlying system of basic values. He understands the need people have for security and respect in their work life and that people want to be treated fairly. Accordingly, Joseph displays a commitment to his employees that is nearly unparalleled in today's business environment: he offers them a job for life. Joseph also values inclusion. He calls his employees team members and encourages them to participate collectively in all aspects of the business. Because Joseph is running his business from a strong ethical and empathetic foundation, his employees repay him in kind, with loyalty and honest work.

- 2. Identify the components of business that make up a "framework for integrity". Explain how the framework upon which Joseph's Lite Cookies is built may contribute to the company's position in a competitive environment.**

Entrepreneurs must consider the interests of a number of groups when making decisions. These groups, called stakeholders, have a vested interest in the activities of the firm. The framework for building a business with integrity, then, involves promoting the owners' interests, respecting customers, valuing employees, and being socially responsible.

A company's commitment to financial performance and protection of the firm's reputation is essential to promoting the owners' interests. Semprevivo's profit-sharing incentive means his employees share in the proceeds of their work and participate in the financial success of the company. Because employees have a job for life, they have a strong commitment to the long-term viability of the firm and a personal interest in its continued financial success.

Joseph's excitement for producing a good tasting, quality product for the diabetic market is a testament to his respect for his customers. (Recall that Joseph started his business to share a delicious treat – sugar-free ice cream – with other diabetics.) Customers know that Joseph takes pride in his product, and they regularly encourage him to expand the business into other sugar-free products. Today, the company produces many more products than the oatmeal cookie it started with, and this is a direct reflection on Joseph listening to customers' feedback and respecting their ideas.

Joseph also listens to and respects his employees. Once hired, employees of Joseph's Lite Cookies know they have a job for life. This level of commitment illustrates Semprevivo's managerial integrity and his belief in the value of his

Chapter 2 Integrity and Ethics of Entrepreneurship

employees. In addition, he trusts his employees to initiate improvements in products and processes and grow into other positions in the company. Each employee is fully engaged in the teamwork that has made the company a success.

Recall that a company's social contribution starts with creating jobs and adding to local tax revenues. Clearly, growing a company from manufacturing thousands of cookies to billions of cookies means tremendous job growth – not only at Joseph's Lite Cookies, but most likely at the company's suppliers as well. Although the video doesn't indicate Semprevivo's efforts outside his company, Joseph's integrity and respect for his fellow team members is surely evidence of his social citizenship. The response of small business owners to their social obligations varies. Some small businesses emphasize environmentalism, minority contracting, or regional economic development, while others focus their attention on volunteerism, philanthropy, or even day care for employees' dependents. Such efforts can be rewarding in their own right; however, businesses that participate in bettering their community often see financial reward as well as community goodwill.

- 3. Review what you learned in Chapter 1 about building an entrepreneurial team and the advantages in doing so. Explain how this relates to the video segment in which Joseph Semprevivo says an employee will perform well if *empowered*.**

In Chapter 1 you learned that an **entrepreneurial team** consists of two or more individuals who combine their efforts to function in the capacity of entrepreneurs. In this way, the talents, skills, and resources of two or more entrepreneurs can be concentrated on one endeavor. Thus, the advantage of an entrepreneurial team is that it fosters a culture of mutual trust and reliance. This kind of interdependence is a hallmark of the work environment at Joseph's Lite Cookies. Each team member trusts in and respects the contribution made by fellow team members. In addition, employees are empowered to take responsibility and initiative for improving and innovating processes and products, which creates a feeling of ownership in the performance of the firm. The synergy resulting from empowered employees is greater than any single contribution made by an individual employee.

ACTIVITIES

Purpose: The purpose of these activities is to give students the opportunity to see how companies express ethical principles and then to think about their own personal ethics. Understanding their own underlying values will then help students to see how those values can inform and support their business ventures.

Setting it up: These three activities are organized so that you can move students from the familiar (what they saw in the video) to the unfamiliar (working on a set of values for their own business venture). The first activity can be done in class as

Chapter 2 Integrity and Ethics of Entrepreneurship

group work after watching the video. Let students spend about 10 minutes in groups of three to four working on mission and values statements for Joseph's Lite Cookies. After the allotted time is up, reconvene as an entire class to share results and discuss differences of perspectives.

For the second activity, it is probably best to have students work independently. If they have a business venture in mind, they may be reluctant to share it with another student, particularly if they are passionate about it. The purpose of the second activity is to have students think about what mission statements will drive their own business.

Likewise, the third activity is best used as an assignment. Many businesspeople use their companies to express their own values. For example, Howard Shultz, the entrepreneur who founded Starbucks, shows his commitment to the company's employees by offering full health care benefits to part-time workers, offering a tuition reimbursement plan, and by working to create coffee growing technologies that don't deplete the rainforest areas of the world. By doing activity number 3, students will explore the possibilities – and the limitations – of using a business to express core personal values.

1. It is not uncommon for large corporations to have documents that provide ethics guidelines. The world's leading producer of cereal and a leading producer of cookies and convenience foods, Kellogg's, is one such corporation. At the company's Web site, <http://www.kelloggcompany.com>, you will find Kellogg's Corporate Social Responsibility commitment statement and a long list of what it terms "K Values"—written very much like a mission statement. Review the commitment statement and values statement on the Web site. Draft a mission and values statement for Joseph's Lite Cookies that reflects what you have seen in the videos. (At the time of publication, there was no such document posted on the Joseph's Lite Cookies Web site.) Share your work with your classmates or study group partners.
2. Now practice writing mission and values for your own business enterprise. Even if you don't currently have a business concept or plan, you can still organize your thoughts on the values that will guide your future business ventures. How detailed do you think you want to be? Dow Chemical's Code of Business Conduct is 35 pages; Nordstrom's fits on a 3 x 5 index card.
3. Once you have written down your own underlying values, indicate ways that you will act on them. You may find the following list of questions a good starting place for thinking about on how your business will reflect your personal values:
 - Will your business give to charities? If so, how will you select groups that receive donations?
 - Will you be involved in the community? How so? If not, why not?
 - How will you find employees? For example, will your recruitment efforts take into account the disabled, low-income, minorities, and others in underrepresented groups?

Chapter 2 Integrity and Ethics of Entrepreneurship

- How will you manage your company's waste? If it costs more to recycle, will you do it?
- Will you reward employees for their community involvement with non-profit organizations or civic groups? Will you encourage your employees to become active in their community?
- How will you determine pay levels?
- What kinds of benefits will you offer?
- Where will you locate?

Sources: Small Business School video; company Web site at <http://www.josephslitecookies.com>; April Y. Pennington, "Making Their Mark," *Entrepreneur*, February 15, 2006, online; The American Business Awards: The Stevies, stevieawards.com, online; Kellogg's Web site, <http://www.kelloggcompany.com/company.aspx?id=35> and <http://www.kelloggcompany.com/social.aspx?id=56>