***Ethics in Entrepreneurship – Case Study***

(Read the following case studies and answer the questions listed below in complete sentences – each case study is worth **40 points)**

Amy is a senior in college and wants to start her own business selling baked goods when she graduates. She has taken a self-assessment in the past and the outcome showed that she had strengths such as collaboration and follow-through, but that her weaknesses were time management and punctuality. She thinks she can compensate for her weaknesses by developing strategies to reduce her poor time management, such as using calendar tools and setting automatic reminders.

Before starting her business venture, her mother, who has offered to loan her the necessary start-up funds, recommends that she take a risk tolerance quiz. Some of the questions ask Amy to evaluate the levels of risk she can handle, including losing all start-up funds, going into debt, and how she would handle it if the business failed. She is unsure she can handle these risks and struggles with answering the questions honestly. When her mother asks how the quiz went, Amy is tempted to lie and say it went well.

**Questions to Answer:**

1. What is the right thing to do?’
2. Why is it important to be honest on a self-assessment?
3. What are the risks and benefits Amy may experience as an entrepreneur?
4. How can she minimize or limit her risks?

Samuel needs to present a well-orchestrated business plan to obtain start-up capital from investors. He has written a comprehensive business plan and practiced explaining the contents of his plan to be well prepared for pitching to investors.

The only problem is that he is not happy with his financial plan and the financial requirements it will take him to launch his business. With his current financial projections, he needs to borrow $150,000 to start his business and does not anticipate breaking even and profiting until year 4. He is not confident investors will like what they hear so he decides to modify his financial statements to be more appealing to investors. He believes telling investors the business will profit sooner will make them more likely to fund his venture.

**Questions to Answer:**



1. Do you agree or disagree with Samuel’s approach? Why?
2. If you were Samuel, how would you handle the situation?
3. What else could he offer investors so that they are willing to wait 4 years for any profit

from the business?