

Intouch



The Leadership Issue

Michael McCain, HBA '79, and other outstanding Ivey alumni reflect on what it takes to lead with vision and values.

Case Study

Take a moment to read through the case and develop some ideas. Then compare your conclusions to those of other Ivey alumni and experts at www.ivey.uwo.ca/alumni/intouch/casestudy

Richard Ivey School of Business
The University of Western Ontario

IVEY

What rules... value or values? A MANAGER WONDERS WHAT TO DO ABOUT A "PADDED" EXPENSE ACCOUNT

Glenn Yonemitsu wrote this case solely to provide material for class discussion. The author does not intend to illustrate either effective or ineffective handling of a managerial situation. The author may have disguised certain names and other identifying information to protect confidentiality.

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"I need this like I need a hole in the head," murmured Jeff Blenko, Regional Vice President of Sales for Big Iron Equipment Inc., a Toronto-based heavy equipment dealership, as he sat in his office late in the evening. It was two days before the end of the second quarter and Blenko had just uncovered an irregularity in an expense claim submitted by Phillip Bart.

Jeff Blenko

Blenko, 49, had worked for Big Iron Equipment for the past 20 years since earning his MBA from the Richard Ivey School of Business. For the past five years, he had served as the leader of the sales team for the firm's biggest region. He was happy and comfortable in his role.

As the country's economy was slowly recovering from the recession, his region had led the recovery for Big Iron. Fiscal 2011 was shaping up to be a good year, and Blenko was looking forward to a substantial bonus. He was working late to approve his department's quarterly expenses, so that he could demonstrate strong growth and profitability. That's when he happened upon the file for Phillip Bart.

Phillip Bart

Bart, 29, had only been with Big Iron for three years but had achieved great success. He was a rising performer who had been recognized for winning a number of big deals from customers who normally bought from Big Iron's competition. Bart earned stable commissions and a good income, even during the economic slowdown.

The Approval Process

Blenko's process for approving claims was simple. He quickly scanned the claim to ensure the expenses were related to customers and not excessive. Then he signed off and the accounting department took over. Blenko put a lot of trust in his team, but last month the accounting department reminded him that some claims had not been accompanied by full receipts.

The Wireless Invoice

Blenko decided to check if all of the receipts were in place for Bart's claim. He noticed Bart had expensed the full amount of his wireless phone invoice, including two extra phones—probably for family members or his personal use. It was an extra \$120 for that month, and it wasn't for Big Iron business.

"It's no big deal," Blenko thought. "Bart brings in millions of dollars in revenue each year. I don't want to nickel and dime him and lose a great performer. Our region has a great year going."

Blenko was just about to sign the claim when he noticed the Ivey Ring on his pinky finger. He had received the Ring and taken the Ivey Pledge at his 20th reunion the previous fall.

Blenko found it hard to believe Bart would take advantage of the company for such a small amount relative to his earning potential. How long had it been going on? Did other members of the team do the same? Was "padding" expense claims part of the company culture? Or was Bart just being lazy?

It was late and Blenko was tired. Should he sign Bart's current claim and tell him the company wouldn't cover the extra phones in the future. Or should he go back and check Bart's past claims, and the other claims he had signed?

Go to www.ivey.uwo.ca/alumni/intouch/casestudy to read the expert's opinion and share your thoughts.

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All characters and locations in this case are fictitious.

