Spencer Hill
Editorial

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Professional Experience and Curriculum Vitae
Five Shocking Facts On Enron Scandal

“Enron”- this name creates a real buzz in the history of corporate America. The Enron story is not only a dramatic one but also shocking for all. That’s the reason why many business and management students prefer to take Enron case study in their academic courses. However, many businesses know many facts but don’t know where to start while composing a case study. Don’t worry! This write-up provides you with case study help as you can find five essential facts on the Enron scandal here.

Where did it begin?

Starting with the origin of Enron would be a great idea for any new reader. Enron was founded in 1985 after Houston Natural Gas Company and Omaha Base InterNorth Incorporate went through a union. Kenneth Lay, the CEP of Houston Natural Gas, became the CEO and Chairman of Enron following the merger. Kenneth Lay selected Jeffrey Skilling after creating the Enron Finance and Corporation in 1990. Jeffrey Skilling was a consultant at McKinsey and Company. The minimal regulatory environment allowed Enron to display. The company even took the dot-com bubble to its benefit. Also Read: Adidas case study

What was the business strategy taken by Enron initially?

Meanwhile, Jeffrey Skilling changed the accounting from a traditional cost accounting method to a mark-to-market accounting method. This method permitted the company to receive official SEC approval in 1992. The MTM method measures many accounts that can change afterward, such a liabilities and assets. Some trusted that MTM was the starting of the end of Enron Company as it allowed the company to log estimated profits as actual points.

How Enron concealed its debt?

There is no surprise that Enron had mounting liabilities. To cope with the disadvantages, Enron appointed a star financial officer to CFO in 1998. However, it was entirely a master plan to hide the whole debt deliberately.

Fastow and others at Enron made a plan to use off-balance-sheet Special Purpose Vehicles. Particular Purposes Entities (SPEs) were referred to as to hide their massive pile of debt and toxic assets from creditors and investors.

The crucial aim of these SPVs was to conceal the reality of Enron's accounting rather than operating results. While doing Enron case analysis- you must include this fact of SPVs would use the stock to hedge an asset listed on the company’s balance sheet. Also Read: business law case study help

What was the role of Blockbuster videos?
If you have not heard of Blockbuster videos, then here it is. It is a giant video rental chain and played a vital role in the Enron scandal in 2000.
Enron and Blockbuster services made a partnership to enter the escalating video-on-demand market. But, Enron started to record expected earnings based on the log growth of the Video-on-demand market, which actually exaggerated the numbers. Also Read: nursing case study help
When the dot-com bubble began to torrent, Enron invested hundreds of millions of

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