

Donald Chivens' Commentary on "The Information Due to the Customer"

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Christine realized that a material change without permission from the customer XYZ is not proper. Legally and ethically, honesty is required in a case such as this. Handled honestly, both ABC and the customer XYZ could benefit from a lower cost. Given no cost (or performance) incentive, XYZ would have no reason to agree to a slightly inferior material. Christine certainly reacted ethically by pursuing this subject with Vernon. Aside from the ethical issue here, it is also possible that there are important factors that Christine and Vernon are not aware of, and this "closet" decision could be a large financial risk.

When Vernon disagrees with her objections by saying, "This is business, not engineering," he is implying unethical behavior (dishonesty) is justified as a part of "good" business. This dishonesty is clearly not an ethical business decision, but it is also not an ethical engineering decision. In fact, what is the distinction between business and engineering on an ethical matter? In addition to this, it is blatantly bad business based upon potential financial risk. Ethically, Christine should press further, but depending upon her position in the company relative to Vernon, this could be difficult, and she might be risking her job to do so.

When Christine refused to perjure herself by signing the report, she acted ethically, but if she allows the report to be released with the other engineer's signature, she is still allowing (and therefore condoning) a dishonest action. At this point she faces a difficult array of decisions. The lower the managerial level at which she could influence corrective action, the "safer" might be her position within the company. Since this dishonest decision was made by Vernon, who appears to be in a marketing position, an engineering manager might be able and willing to intervene. She might even be rewarded for her actions. If the managers above her all support Vernon's decision, then perhaps she should be seeking employment elsewhere anyway!

Looking back over this scenario, Christine would have been wise to more

aggressively pursue an honest approach at the outset. Customer XYZ would then have been dealt with honestly regardless of the "negotiations" within ABC to achieve that. By the time the less expensive parts have been produced, it is too late for XYZ to play a part in the decision, and belated honesty will be very costly (in goodwill and perhaps dollars) to ABC.