

### **Case Study on Customer Ethics**

Melanie has just landed her dream job as part of a sales and product development team for a major maker of state-of-the-art computer electronics. Melanie is slated to replace Jeff in sales and marketing; Jeff is a gifted salesperson and has been promoted. As part of Melanie's education, she is reviewing the last six months' business with the three major accounts. One of these accounts is Burton Labs. Burton has been a long-term major customer and most orders are electronically passed between the companies. Melanie discovers a three-month-old order where Burton was shorted in shipment. Burton ordered 1,000 units and received only 900. The invoice value is \$1 million. Burton paid the invoice, and apparently no one discovered the error.

Melanie immediately brings the short shipment to Jeff's attention. Jeff is paid based on invoice value, as is Jeff's immediate boss. Jeff asks Melanie if Burton Labs is aware of the error. She tells him no. The Invoice was paid and several other shipments, in the correct quantity, have been made, and those invoices also were paid. Jeff tells Melanie to forget it; Burton Labs' loss is our good fortune.

#### **Case Study on Customer Ethics Prompts:**

- Is there an ethical dilemma?
- What are Melanie's alternatives?
- What are the consequences of each alternative?
- How do the ethics of honesty and integrity influence your thoughts?

### **Case Study on Supplier Ethics**

Alex has been the purchasing manager for Rocket Industries for decades. He is tough but fair. Rocket's auditor presents Alex with a report that clearly reveals that Booster Engine has been under billing Rocket for a proprietary product for six months. The value of the under billing has now reached \$14 million.

Alex attends a corporate strategy session that very morning during which the chief financial officer (CFO) reports that the quarterly earnings are expected to be soft, at \$85 million, up only \$3 million over last year at this time. The president asks the gathered leadership to review their operations with the CFO before the weekend to see if there may be better news to report next Monday.

As the meeting closes, the president presents Alex with a diamond ring for 30 years of service and compliments him on running a "tight ship" and being the industry standard for purchasing practices.

#### **Case Study on Supplier Ethics Prompts:**

- What should Alex do with the auditor's report?
- Should the auditor provide a copy of the report to the CFO?
- What are Alex's options with regard to Booster Engine?
- Does the timing of releasing corporate earnings influence Alex's options or actions?

## **Case Study on Employee Ethical Conduct**

Andy, a middle-level supervisor, has been with Lake Landscaping for eight years. He began as a laborer and worked his way to be supervisor of lawn services. Andy is a hard worker and generally works at least twelve hours per day during the heavy work season. On one particular day, Andy does not return to the yard until 10p.m., well after everyone has departed. During the day Andy has the use of a company-owned truck, but he is not permitted to take it home. Each evening after work, Andy is required to complete and file his daily reports and service the truck including fueling it up at a secure pump on the company grounds. Tonight after Andy completes his chores, he remembers he forgot to get gas for his personal pickup truck on the way to work. Most gas stations are now closed. The nearest opportunity is 30 miles away and making it there will be a gamble. Andy now considers his options:

- “Borrow” five gallons of fuel and charge the fuel to his company truck.
- Call his wife and have her bring him some fuel in a gas can.
- Try to make it on what fuel remains.

### **Case Study on Employee Ethical Conduct Prompts:**

- How do you think Andy will handle the situation?
- If Andy asked you for advice, what would you say?
- How would the ethics of honesty and integrity guide your conversation?
- Are there other options available to Andy?