



Online Ethics Center
FOR ENGINEERING AND SCIENCE

Conflicts within a Manufacturing Firm

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Description

At T&D Manufacturing, the procedure to obtain needed tooling is to have the tools designed in house by company tool engineers. When the design is approved, part prints and specifications are mailed to at least three approved outside vendors. The outside shop supplying the best price and delivery date is usually awarded a contract to produce the tool. Now the branch of T&D responsible for repairing tools wants a chance at bidding on the tool requests.

Abstract

This case is one of thirty-two cases which address a wide range of ethical issues that can arise in engineering practice provided by the Center For the Study of Ethics in Society, Western Michigan University.

Body

At T&D Manufacturing, the procedure to obtain needed tooling is to have the tools designed in house by company tool engineers. When the design is approved, part prints and specifications are mailed to at least three approved outside vendors. The outside shop supplying the best price and delivery date is usually awarded a contract to produce the tool. T&D also has an internal tool and die department.

In the past this department has been used primarily to sharpen and repair the tools that are purchased outside. However, now the head of the department has requested management to allow them to offer a price to produce the tooling internally. This request is approved. Next the department head places a call to the Purchasing Department and asks for the prices obtained from the outside vendors before he submits his quote.

Is there anything wrong with the department head making this request?

How should Purchasing respond?

1. Send the department the outside quotes and allow a week to produce their own price.
2. Refuse the request as being unethical.
3. Tell the department head that he will receive the outside prices after the job is awarded.
4. Other.



[Following 1.]

Outside vendors discover that T&D's Purchasing Department has shared their quotes with T&D's tool and die department head. They complain that T&D has acted in bad faith with outside vendors. Outside vendors are, in effect, providing free advice to T&D -- and they will very likely lose out in the bidding. "At the very least," one of the vendors objects, "you should tell us what your procedure is. Then see how many of us will be interested in providing quotes at all. Why should we invest our time and energy in this only to have you pave the way for your own department to do the business we are seeking? We don't object to your department entering the competition, but only on a level playing field. You have to play fair with us --

otherwise we don't play."

Do the outside vendor's arguments now convince you that selection #1 in I should not be made? If so, return to I and make another selection. If not, explain.



[Following 2, 3, and 4.]

The department head is disappointed with the Purchasing Department's refusal to provide quotes of other vendors in advance. But he tries to persuade Purchasing that it is making a mistake: "Look, all in-plant departments are a part of the company! They should be working together to make money, stay in business, preserve jobs, and whatever other objectives the company might have. When you treat the inside tool and die shop as you would an outside vendor, you could be putting the company in competition with itself! We can't lose sight of the fact that we should all have the same objectives and goals here at T&D."

Are you convinced by the department head's reasoning? If so, return to I and make a selection consistent with his reasoning. If not, explain.

Notes

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Prepared with Roscoe A. Douglas.

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