



# The Information Due to the Customer

## Author(s)

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## Description

XYZ orders 5000 custom made parts from ABC for one of its products. When the order is originally made ABC indicates it will charge \$75 per part. This cost is based in part on the cost of materials. After the agreement is completed, but before production of the part begins, ABC engineer Christine Carsten determines that a much less expensive metal alloy can be used while only slightly compromising the integrity of the part. Using the less expensive alloy would cut ABC's costs by \$18 a part.

## 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

XYZ orders 5000 custom made parts from ABC for one of its products. When the order is originally made ABC indicates it will charge \$75 per part. This cost is based in part on the cost of materials. After the agreement is completed, but before production of the part begins, ABC engineer Christine Carsten determines that a much less expensive metal alloy can be used while only slightly compromising the integrity of the part. Using the less expensive alloy would cut ABC's costs by \$18 a part.

Christine brings this to the attention of ABC's Vernon Waller, who authorized the sales agreement with XYZ. Vernon asks, "How would anyone know the difference?" Christine replies, "Probably no one would unless they were looking for a difference and did a fair amount of testing. In most cases the performance will be virtually the same -- although some parts might not last quite as long." Vernon says, "Great, Christine, you've just made a bundle for ABC." Puzzled, Christine replies, "But shouldn't you tell XYZ about the change?" "Why?" Vernon asks, "The basic idea is to satisfy the customer with good quality parts, and you've just said we will. So what's the problem?"

The problem, Christine thinks to herself, is that the customer isn't getting what was promised. Further, even if XYZ would be satisfied with the different part, shouldn't it be given the opportunity to decide if it finds the change acceptable -- and to benefit from lowered cost?

Should Christine share her further thoughts with Vernon, or should she simply drop the matter?



Christine shares her further thoughts with Vernon. He replies, "I just don't agree, Christine. This is business, not engineering. XYZ will be a satisfied customer, and we'll be a satisfied supplier. We're not in the business of giving away money, you know."

Is there any reason for Christine to press further?

Do you agree that Vernon is just doing "good business"?

## III

Christine decides there is nothing further for her to do. The less expensive part is produced. As the shipment is prepared to be sent to XYZ, Christine is asked to sign a report verifying that the specifications for the part have been met. As she looks over the details she notices that the original composition of the metal is listed rather than the cheaper alloy. Should she sign the report anyway?

## IV

Christine refuses to sign the report. However, Vernon persuades her fellow engineer, John Richards, to sign it. What should Christine do now?

### Notes

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