



# Competition from Former Employees (adapted from NSPE Case No. 77-11)

## Year

1999

## Description

A group of engineers leave their employer to start their own firm. As the new firm contacts clients from its former employer, each firm casts doubt on the capability of the other firm to provide competent services. This is an open-ended scenario for discussion based on a case from the NSPE Board of Ethical Review.

## Body

Following a disagreement between the Chung engineering firm and several of its employees over certain policies, four key employees left Chung. The ex-employees organized a new engineering firm, with themselves as its principals. The new company then began to contact former clients of the Chung firm. In several cases, these former clients had dealt with one or more of the engineers now involved with the new firm. The new firm also contacted potential clients who had discussed projects with Chung.

At this point, what, if any, obligation does the new firm owe to their former employers?

While the new firm was announcing its services, the Chung firm was also contacting the clients to assure them that despite the departure of the four engineers, the Chung firm still retained its capacity to meet its clients needs. Former clients told

the Chung firm that the new firm had cast doubt on the ability of Chung to provide quality services. In its discussion with the clients, the Chung firm cast doubt on the new firm's ability to provide adequate services.

What obligation does the Chung firm have to its former employees? How should the Chung firm react to the information that the new firm is disparaging the Chung firm to clients? How should the new firm react to the same information? Under what circumstances should an engineer or firm cast doubt on the ability of another engineer or firm? What constitutes fair competition for clients?

[NSPE Code of Ethics](#) An earlier version may have been used in this case.

## **Notes**

See the original NSPE case at: [Supplanting - Promotion of Work by Former Employees - Case No. 77-11](#).

## **Rights**

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## **Resource Type**

Case Study / Scenario

## **Parent Collection**

Professional Ethics in Engineering Practice: Discussion Cases Based on NSPE BER Cases

## **Topics**

Employer/Employee Relationships

Workplace Ethics

## **Discipline(s)**

Engineering

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