



Online Ethics Center
FOR ENGINEERING AND SCIENCE

Commission Payment Under a Marketing Agreement (adapted from NSPE Case No. 78-7)

Year

1999

Description

An engineer, experienced in providing services to the international community, wants to draw on that experience to provide international marketing services to U.S. engineering firms in return for a commission on the services those firms gain as a result of his marketing help. This is an open-ended scenario for discussion based on a case from the NSPE Board of Ethical Review.

Body

You own an engineering firm. Mitchell, an engineer, has been engaged extensively in engineering activities in the international market. Mitchell approaches you with the prospect of expanding the services of your engineering firm into marketing consulting. He explains to you that he can draw on his knowledge of the special requirements of engineering work in other countries to better serve the interests of the engineering profession. He says he can draw upon his experience and personal contacts in the international arena to offer to represent firms that want to work overseas but lack the special background knowledge required or that do not have the resources to develop the necessary skills to successfully enter the field. Mitchell explains that your firm can take advantage of the fact that US engineering firms

can't raise enough capital needed to develop potential in the international market.

Mitchell drafts a marketing agreement that proposes to develop contacts within stated geographical areas, evaluate potential projects, coordinate project development, and work out the terms of contracts between new clients and the represented firm. For these services, your firm will be paid a basic fee plus a retainer. Both fees will be negotiated individually, case by case. Mitchell also suggests that your firm receive a marketing fee, which is a negotiated percentage of the fees actually collected by the firm you will represent, for the projects he helps market.

Discussion Questions:

- How would you respond to Mitchell's suggestion? Does the fact that Mitchell is an engineer make a difference here?

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

Notes

See the original NSPE case at: [Commission Basis of Payment Under Marketing Agreement - Case No. 78-7](#).

Rights

Use of Materials on the OEC

Resource Type

Case Study / Scenario

Parent Collection

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Topics

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