

# Carl O. Hilgarth's Commentary on "US Parts"

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US Parts

## I

Since John Budinski is aware of the contract specifications with USAWAY, he must bring the supplier's bolt problem to the attention of his supervisor, as Clarke Engineering is responsible to meet the requirement that all parts in the product they supply USAWAY are made in the United States. I see the following as alternatives for him to present to management:

- a. Do not notify USAWAY about the supplier bolt problem. Accept the parts as manufactured by the supplier. Meet the delivery deadline. Swap the bolts for those of domestic manufacture when they are available and when Clarke Engineering services or repairs the equipment.
- b. Notify USAWAY of the supplier problem. Propose to meet the delivery deadline by accepting the parts as manufactured by the supplier and swap the bolts for those of domestic manufacture as a special field retrofit or when Clarke services or repairs the equipment.
- c. Notify USAWAY of the supplier problem. Propose delaying delivery until replacement bolts of domestic manufacture are available. Have cost and schedule impact data for discussion with USAWAY.
- d. Notify USAWAY of the supplier problem. Propose redesigning the part to avoid using the bolts of foreign manufacture. Have cost and schedule impact data for discussion with USAWAY.
- e. Put the heat on the supplier. Tell him to fix the problem or you'll find another supplier of the part who can meet the original schedule using all domestically manufactured components. He knew the specifications. It's his oversight. He has to fix it.

- f. Work with the supplier. Obtain the mechanical properties and dimensions of the bolts. Determine if there is an appropriate American made substitute, and use it. If there is any impact on the performance of the part, notify USAWAY and propose the domestic manufacture of the replacement bolts and a special field retrofit. Have cost and schedule impact data for discussion with USAWAY.

Alternative (a) is unethical and violates the negotiated contract. Alternative (b) is politically unfeasible from USAWAY's point of view. Alternatives (c) and (d) will affect Clarke's ability to meet the deadline. (e) means the supplier will tell you to "take a hike", causing you to start the supplier search all over and affect Clarke's ability to meet the delivery deadline.

Alternative (f) seems to be the most practical approach. USAWAY will have a product that meets their business and supplier philosophy--all parts are manufactured in the United States. Clarke can meet the schedule although it might dig into their profit if a retrofit is needed. However, Clarke may be able to do the retrofit as field service under their repair contract. As a quality engineer, John Budinski should be able to make this recommendation to his supervision who should then forward it to USAWAY for review and approval.

## II

Well, John kept the problem to himself. Now USAWAY officials, having heard second hand about what Clarke Engineering did, and without examining the products Clarke has supplied, confront Clarke. Were I the Clarke representative, I would ask the USAWAY officials for the basis and evidence of their allegation, citing the need for this to be able to conduct any meaningful investigation. If this is forthcoming, I'll begin a formal inquiry. If not, I'll check informally, just to make sure. Either way, I'll find out what happened. The tough part will be what to do about it.

Any action taken internally with respect to John Budinski will certainly find its way through the grapevine to USAWAY who will then assume a cover-up, and really become suspect of us not having met their contractual requirements. So, whatever I find out, I'll have to check further than just this contract. I'll have to check every contract with USAWAY to verify, hopefully, that this was the first and last incident, assuming that USAWAY will also review all our contracts and inspect our parts. My

objective would be to treat all parties fairly and remove any suspicion from USAWAY that Clarke engaged in a cover-up. John Budinski would probably receive a reprimand, USAWAY would be told what happened and offered replacement of all the affected bolts in the parts we delivered at our cost.



If John's immediate superior tells him to let the product go out as is, he should at least request a meeting with the two of them and the chief quality engineer to discuss the issue and options at a management level. His leverage is the long term potential of defaulting on this contract if USAWAY finds out about the bolts to make this a decision for more than just an engineer and a supervisor. At the meeting, the options should be reviewed, and a decision made, hopefully alternative (6). While this seems like it is passing the buck, the resulting decision is nonetheless informed and hopefully responsible. And, this decision must be documented in the part supplier's dossier and communicated to USAWAY. If the situation is addressed straight up, and the former employee tells the story, there is at least a record at Clarke and maybe at USAWAY of what happened with respect to the bolts and how Clarke resolved it.

Alternatively, if there is no meeting and the product goes out as is, hopefully John's supervisor took the appropriate action (alternative (2)), documented it, and communicated it to USAWAY). In any event, John must document the use of the foreign bolts during the part's receiving inspection as conformance to the supplier's design. Should there be an investigation regarding Clarke's fulfillment of USAWAY's contract, the inspection report may not be nice reading if the product was sent out as is without USAWAY's knowledge. Better to do this than falsify the record. Better yet, be straight-up with the customer and be a proactive problem solver for him.