

John B. Dilworth's Commentary on "Shortage of Components"

Commentary On
Shortage of Components

To begin, here are some specific questions concerning the case which a corporate lawyer probably would want to raise. They concern possibly minor details in the contract, which nevertheless could have a significant impact on the questions about what Tim Vinson (Head of Quality Control) should do. Given that this case centers around a specific agreement which Ruskin Manufacturing has with Parker Products, which sets out the contractual obligations and conditions of each party, it seems only reasonable that we should initially get clear on exactly what those obligations and conditions are.

First, we are told informally that the machines include a new component which is a replacement for an old component. We are also told that if the old component were used in the new machine, Parker would not be getting exactly what it ordered. It follows from the latter that some part other than the old part must be used in the new machines.

However, the critical question of exactly what counts as a 'new component' is not yet settled. The 'standard' new component is in short supply; could Tim Vinson still satisfy the letter (or perhaps even the spirit) of the contract if he selects case option #1, of breaking up and regrinding old components and using them to manufacture substitute new components? Answer: it almost entirely depends on the specific language of the contract. (State and federal laws governing contracts may make some difference too.) If the contract defines 'new component' so that only the standard new component would satisfy it, or if a quality clause is included so that the re-ground parts would not qualify, then Tim is out of luck, and the moral quandaries laid out in the case apply with full force.

However, if Ruskin has been given some discretion in the design and manufacture of the new part, use of the substitute new part may be contractually permissible according to the letter of the contract, even though Parker might complain that its

understanding of the agreement had been violated if they ever find out about the substituted parts. But arguably Ruskin Manufacturing and Tim Vinson should pick up little blame for this, because Ruskin could just as well blame themselves for hiring mediocre lawyers who had left loopholes in the contract. So if things go this way, Tim is for practical purposes 'home free'. This well illustrates that even the tiniest 'nit-picking' of a contract can pay off handsomely in terms of defusing or avoiding moral problems. Certainly this approach can never give the last word on any moral issue in business even when it can be used, but it would be foolish not to explore all of one's contractually permitted actions in a problematic situation. There is nothing immoral in successfully preventing a business problem from escalating into a moral problem.