Joseph Ellin's Commentary on "Dealing with a Costly Error"

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Dealing with a Costly Error

I

Here we have an engineer who, on his first day on the job, discovers a waste disposal system which he doubts is up to par. Should he point this out to someone? Yes; if Carl has concerns about the system, why shouldn't he express these concerns to the plant manager? His buddy Rick has a 'don't rock the boat' attitude, but why assume Rick adequately represents the position of management? As a new employee, perhaps Carl in a position to see things or make suggestions which old-timers wouldn't notice, and which management might be glad to correct. Rick thinks management doesn't want to spend the money to make changes in the system, but whether they do or not is not Carl's decision. His professional responsibility would seem to be to make recommendations where appropriate. If management doesn't choose to follow the recommendations, Carl can consider what to do next; if Rick's view turns out to be correct and management doesn't even want to hear about the problems, then Carl has some fundamental reevaluation of his own place in such a company.

II

Now there is an unacceptable discharge caused in part by employee negligence. But Carl is also responsible because he forgot to check one valve. Carl has little choice but to acknowledge responsibility for failing to check C-2. Anything else would be evasion, dishonest, and avoidance of responsibility. However once he accepts responsibility there's no need to identify the culprit unless he's asked, but if he is asked, he has no choice but to do so. It's his job to know who's doing what, and he's

the agent of management in evaluating his subordinates.

Carl is obviously at fault for not remembering the open valve, but there's a question why Carl wasn't provided with a checklist of cut-off valves to be referred to in such an emergency. Simply telling everybody to check the valves doesn't seem like an adequate safety procedure. Carl is a new employee so perhaps he can't really be expected to implement better procedures than are provided.

III

Kevin needs to talk to the WTW people and explain the situation, which is that caustic waste is moving towards the waste treatment works. Kevin estimates a range of values for the quantity of caustic waste likely to reach WTW, and offers to send however much acid is necessary, according to the estimation of the WTW people. (They are in a better position to know their current pH level than he is). His obligation is to avoid down-stream damage or danger. Evidently he is tempted to try to avoid the issue entirely on the basis that WTW wouldn't be able to trace the waste to its source at Emerson. Presumably this means he would ignore the spill and let the excess waste reach WTW, where it would do whatever damage such stuff does. This 'the hell with you' attitude is about as unethical as you can get. Being less than candid, as also suggested by the question, is not much better, since it implies doing less than necessary to fix the problem or limit the damage.

IV

Kevin acts responsibly and notifies the authorities: it's not clear why there should be disagreement about this from any differing points of view. His rationale is a self-interested one, which ought to convince management and stock-holders. The cost to Emerson is not given ($60,000 +) but it should not seem excessive, even from a self-interested point of view, considering the risks involved in trying to cover-up. Kevin Rourke indicates he's worried about losing his job, which should reassure Emerson management and stockholders that company incentives work to encourage appropriate behavior. Although Kevin does not mention any obligation Emerson might have to correct its errors before actually damage or harm is caused, this additional rationale ought to please WTW and local citizens. As for other industries,

they should be pleased that Kevin has given them a model of responsible crisis management.

V

Rick's excuses for his mistake are rather pitiful, and he has to expect discipline. One hopes there are company policies and procedures regarding employee gross negligence. Unfortunately it's up to Carl to impose the necessary discipline. Clearly personal considerations have to be left out of it; he can't treat one employee more leniently than another because of a past relationship. If Carl is inclined to favor Rick, he might try to pass the buck to someone else who's more impartial, but this attempt at a cop-out probably won't raise his stock in the company. He's best off steeling himself to the task. From Rick's point of view, it might actually be fairer if Carl does excuse himself, since Carl might be overly harsh in order to overcome the possibility of being too lenient. As for Rick's personal situation, this might give him a case for easy treatment based on mercy or personal hardship, so if he wants to make a plea for mercy, he should have that right, but the proper place to make it would be not at Carl's level, where even-handed discipline should be administered, but at a higher level in the company somewhere. Of course this assumes the company has proper policies in place for giving a fair hearing to accused employees, and it should be stressed how important it is to have such policies, since situations such as the Rick error are inevitably going to arise. It also might be noted that it is Rick who has the bad attitude about 'don't rock the boat.' He attributes this to the company, but there's nothing in the case to substantiate that, and one point against it: the fact that Kevin acted responsibly in part due to fear for his job were he to cover-up and fail. Perhaps Rick's failure at the switch that day is in part due to his own attitude of indifference to job performance. And perhaps also he has too many things on his mind at this point in his life to act as a responsible employee.

VI

Carl is at fault for forgetting about valve C-2, and should be disciplined also, though there's not enough information in the case to know how serious was his failing to remember that no one was at the "seldom used area." Evidently three hours or so

passed before the open valve was finally noticed; what was Carl doing during that time? Shouldn't he have remembered about the "seldom used area" sooner than that? Shouldn't he have called all the lead operators together to brain-storm the problem, and if so wouldn't one of them have remembered the "seldom used area"? On the other hand, Carl is a new employee, who has evidently not been given any training in how to handle a situation like this, so there's a lot of mitigation. Kevin ought to be able to take all these factors into account if he is to arrive at a just solution regarding Carl.

VII

Carl gets off easy when Kevin decides not to take any action against him and he should be relieved. In my view Kevin is too kind; he ought to tell Carl that his performance was less than sterling and that he's got to do better. Carl in his turn should complain to Kevin about the lack of training and of standard procedures for dealing with crises. There's enough responsibility here so that no one needs to feel that his performance was superior.

At the same time, Kevin's way of talking to Carl is a bit odd. His discipline against Carl seems to be to require him to fire Rick. Perhaps Kevin has read Carl correctly and understands that he is not about to let this mistake occur again, and that tightening up his unit is exactly what he intends to do. If so, Kevin is probably correct in not taking further action against Carl. At the same time, it may seem unfair to fire Rick and let Carl off scott free. But there is a difference: Rick had an ordinary responsibility which was easy to perform, but which he forgot due to other things on his mind. Carl on the other hand was faced with an unanticipated crisis for which he had neither experience nor training. Carl's failure was not improvising a solution under pressure, whereas Rick failed to perform a routine task in the course of ordinary business. So their situations are not at all comparable.

If Carl wants to protect Rick, he better not try it by lying. Kevin is going to tell him that it's his responsibility to find out who left the valve open; this can't be too difficult, and he ought to have known by now anyway. If Carl thinks friendship requires him to protect Rick, he can try and defend Rick to Kevin. If Rick has a good case, Kevin may respond favorably: there's nothing to indicate that Kevin is especially tough-nosed or insensitive (and in fact given his responsible action in

notifying WTW, there's reason to believe he is ethically sensitive). Perhaps Kevin shouldn't order Rick fired without knowing all the facts, which Carl can put before him. Of course there's a risk that Kevin doesn't want to hear any excuses from Carl, and won't be pleased at Carl for defending a negligent employee; but if Carl feels he owes it to Rick, he will take that risk.

VIII

Rick gets Carl off the hook by resigning. Now he needs a job and asks Carl for references! His gall is almost beyond belief. He totally screwed up, cost the company big bucks, nearly knocked out the wastewater plant, put both Carl's and Kevin's jobs in jeopardy, and now wants a recommendation. If I were Carl, I'd agree to write it. First I'd tell Rick what I'd put in it. I'd think of all the good things I could say about Rick (which are not insignificant, considering his willingness to work hard, study and get ahead) but also I'd feel obliged to mention the circumstances of his departure from Emerson. If I felt that Rick's action was an isolated incident, I'd say so. If I were worried about his possible bad attitude and mounting personal problems, I'd say that. The point would be to provide enough information so that the potential employer can determine on his own judgment whether Rick's goof at the valve was an unfortunate and understandable mistake of a basically conscientious person who would likely become a valued employee, or was a sign of irresponsibility. And I'd leave it to Rick to decide whether that's the kind of letter he wants potential employers to read.

IX

Carl goofs again by failing to do the above, and lets himself in for the unpleasant but not unforeseeable consequence of having to explain himself on the phone. Should he explain to the new employer what the negative is in Rick's background? He might then have to excuse his failure to mention it in the letter, which might prove a bit awkward and might not do Rick and good by making his mistake seem more serious than Carl would like.

Why mention it at all? It's usually possible to evade such questions. It might even be possible to argue that Carl has no obligation to the unknown potential employer, but

he does have some ties to Rick. It could be also argued that letters or even personal conversations concerning recommendations are all part of the 'recommendation game:' They are expected to contain puffery and little else, and readers discount them accordingly. A great recommendation means the candidate is no worse than fair, a mildly positive recommendation means the candidate is poor, and a recommendation containing any negatives at all means the candidate is terrible and essentially unhirable. This may be an unfortunate situation, it could be said, but that's the way the game is played and Carl as a very junior person is in no position to change the rules.

The short answer to this is that even if these are the rules (which is doubtful) by playing according to them Carl is both reinforcing them and putting his own credibility in danger. Bad rules should be circumvented where possible, not strengthened by being followed. And even if Carl has no obligation to the unknown potential employer, he does have an obligation to people he might write recommendations for in the future; it is better for them that he establish a reputation for candor. Anyway it's not clear that he doesn't have an obligation to the potential unknown employer; we have obligations to strangers, and among them is the obligation to tell the truth. Carl's obligation to Rick, based on ties of family friendship, is to do his best for him, but not to the extent of concealing material facts. Therefore Carl ought to tell the truth about Rick's lapse, but try to convince the employer that Rick really is a worthy person, as presumably Carl believes. (Of course if Carl really doesn't think Rick can be trusted with another job, then he never would have written the letter of recommendation in the first place).

X

In this scenario, another company, Nurrevo, by odd coincidence has an accident similar to Emerson's on the very same day. Since Kevin's responsible action in dispatching hydrochloric acid to WTW has solved Nurrevo's problem, Nurrevo may be tempted to pretend that nothing happened at their place. Despite this natural temptation, Nurrevo should inform Emerson and offer to share costs, though they might be forgiven if they feel that in doing so they are going the extra mile. Emerson costs would have been the same in any case, Nurrevo might reason, so why should they offer to share them? They probably have no legal obligation, since their spill has been cleaned up, although Emerson might want to contest this in court. Sharing

costs would be the decent thing to do, however, since Nurrevo has benefitted by Emerson's expenditure. What they actually do might depend on whether there's a cooperative atmosphere, or whether the two companies are in cut-throat competition, in which case Nurrevo might be tempted to rejoice at Emerson's bad luck.

XI

Andrea Smith is Kevin's counterpart at Nurrevo, which means she's a plant manager. I imagine this is not a terribly exalted position and does not put her in a very strong position to challenge higher management, or to search up the ladder for someone who might take her view of things. She wants to report her spill to WTW, but her superior, Fred, doesn't want to move too quickly, hoping that there's been some mistake somewhere. As it turns out, Fred's faith in Higher Providence is rewarded: news of Emerson's spill arrives just in time to forestall Nurrevo's report to WTW. Andrea is not too pleased with Fred's decision.

Not to confess is a higher management decision which Andrea seems powerless to alter without excessive risk to herself, and so she should be guided by the rule of prudence, which says pick your battles carefully and remember how little ammunition you have. Not everything with which you disagree needs to be challenged. The ethical failure here does not involve any risk to public heath or safety, nor any harm to employees, nor does it involve theft, fraud tax evasion, stock manipulation etc. It involves failure to admit responsibility, which is dishonest but not itself harmful, and failure to share costs with a competitor, which is not very nice but perhaps not a mortal sin. So Andrea might want to consider filing the incident away for future reference in her memory banks.