

Elite Furniture Teaching Notes

What Are the Relevant Facts?

1. Jan Smith works for a firm having financial problems.
2. Jan needs her job to make mortgage payments.
3. Elite Furniture is misrepresenting its current inferior product as its previous quality product.
4. Retailers are trading on Elite's quality image.
5. Jan has a relationship with the retailers in the Eastern Region.
6. Consumers will not be able to detect the change immediately, but will discover the change with product use.

What Are the Ethical Issues?

1. Are customers being deceived by reducing the quality of materials in the product?
2. Does Jan have an obligation to her former Eastern Region retailers with regard to the undetectable reduction in product quality?
3. As Assistant Product Manager, does Jan have an obligation to retailers in the other sales regions?
4. What obligation does Jan have to her family with respect to her job at Elite Furniture?

Who Are the Primary Stakeholders?

- Jan Smith and her family
- Owners of Elite Furniture
- Retailers selling Elite Furniture products
- Consumers buying Elite Furniture upholstered furniture
- Employees of Elite Furniture

What Are the Possible Alternatives?

1. Jan can accept the change.
2. She can inform her Eastern Region retailers of the decreased quality.
3. She can inform all of the firm's retailers of the decreased quality.

4. She can go public by contacting consumer groups and publicizing the misrepresentation of the current Elite Furniture products.
5. Jan can resign from Elite Furniture.

What Are the Ethics of the Alternatives?

- Ask questions based on a "utilitarian" perspective (costs and benefits). For example:
 1. Which alternative would provide the greatest benefit?
 2. Who would incur costs and who would benefit from each alternative?
 3. Could Elite's action be better justified if it were a short-term action that would be rescinded as soon as the firm was back on a sound financial footing?
- Ask questions based on a "rights" perspective. For example:
 1. The furniture is a relatively large ticket. Does the consumer have the right to know?
 2. Does the retailer have the right to know?
- Ask questions based on a "justice" perspective (benefits and burdens). For example:
 1. Is it equitable to sell an inferior product as a quality product?

What Are the Practical Constraints?

1. There appears to be little Jan can do inside the firm to change the policy.
2. Jan's personal obligations may limit her short-term actions.

What Actions Should Be Taken?

1. What actions should Jan take?
2. Why should she make that choice?
3. What ethical theory provides the best support for this action?