Business Dilemma 1 – Sleepless Night

Would this night ever end? As I looked at the alarm clock for at least the 20th time tonight and saw 3:17am I wondered; how did I get here?
I have been in retail for 16 years. I started as a college intern at the local Hellman’s Department Store and worked my way to assistant store manager and from there was promoted to assistant store manager for new store openings. I had to move seven times in five years at that job before I was offered a buying position at corporate headquarters. I loved being a buyer for Hellman’s and I was good at it. My department’s business was very strong and I enjoyed traveling to markets in New York and Los Angeles on buying trips. Life sure was good with Hellman’s.

After seven years as a buyer things were about to change. Hellman’s was bought out by Saxon and they were moving the Hellman’s corporate staff to Birmingham, Alabama. I had no desire to move to Alabama and I guess I was ready for a change. I took this opportunity to accept a new job as a buyer and product developer for big box retailer Cables. Buying for a big box retailer was very different than buying for a department store. I no longer buy packages of goods from domestic vendors, I am developing product using foreign factories and the numbers are huge. Travel has changed too; trips are no longer every couple of months to New York and LA. Now I am traveling at least once a month and traveling all over the world. I visit factories in Hong Kong, Seoul and Istanbul and I am shopping in London and Paris. Business is great and I am really making a name for myself as both a product developer and a negotiator. Buying for Cables is certainly exciting and I am making a lot of money in salary, bonuses and stock options.
Unfortunately but understandably, the excitement has worn off. Traveling has become tedious. It is hard to have any personal relationships when you work 70 hours a week and you are on the road 20 weeks a year. Most troubling of all, however, was the negotiating and what it is doing to my psyche.

The volume of product that Cables creates and buys allows its buyers to drive hard bargains; really hard bargains and nobody drives a harder bargain than me. Buying and developing product for Cables has made me the proverbial 800 pound gorilla – I can sit anywhere I want – and I am good at throwing my weight around. Factory doors around the world fly open when I arrive as these different factories compete heavily for the massive volume that I can deliver. I use this competition to parlay this massive volume into great prices for Cables.

Now I am wondering what price was being paid for these great prices. Cables presents themselves as an ethical merchant. They do not buy product from “sweatshops”. All of the factories they work with are supposed to meet predetermined localized standards for wages, hours worked, factory conditions and employee age (see appendix A for Cable’s policy statement). As I was visiting local factories I could not help feeling that when I negotiated a really hard bargain, much of the concessions fell on the workers. I also had questions about the working conditions; the owner’s flew in on private helicopters while the workers lived in ramshackle barracks. The age of some of the workers also disturbs me, I am no expert, but some of them sure look young. When I questioned my boss
about potential violations – he told me that inspections were conducted so it wasn’t my concern. Somehow that explanation didn’t help me sleep tonight.

I never fully trust my boss. He is completely numbers driven and he always gives the impression that the ends justified the means. Everything he does has the scent of impropriety and I can tell that most of his colleagues don’t trust him.

I know I can’t sleep tonight because I had visited the factories yesterday. Deep down in my gut I know something is wrong – but what? Cable’s policies regarding its vendors are sufficient to ensure that workers are treated properly, but are these policies just form over substance. I have no proof that the factories were being run improperly, but I sure have my suspicions. I know that I can’t trust my boss to do anything when our business is this good. Maybe am I just tired from all of the travel and all the long hours? I used to love my job and I am certainly paid well, but right now all of that no longer seems to matter.

Since I can’t sleep, I am going to write down a list of possible actions:

- I could be a whistleblower and alert the proper authorities to my suspicions.
- I go over my boss’s head to higher management to tell them of my concerns.
- I can trust my boss and the inspectors, look the other way and go on with my job.
- I could just leave Cables and find a job that better suits my sensibilities.

I know I won’t sleep until I decide - **what should I do?**

**Business Dilemma 2 – A Wedding Gift?**
I know I shouldn’t be thinking about work, after all I am on my honeymoon. I just can’t help myself; somehow my Blackberry seems more important to me than enjoying the Pacific Ocean from the beach here on the Monterey Peninsula. No wonder they call it a Crackberry. I do have a lot to think about; I just got married, I have just completed a very successful first year at my new job and I have to find a way to better balance for my work and my personal life. So, how did I get here anyway?

I left my previous job at Cables and took a nine month hiatus which was just what I needed. In the nine months after I left Cables I; sold my condo and moved into my vacation home in the north woods, started to plan a new career as a financial planner and I met someone.

Denny lives in a town a few hours from my vacation home which, coincidentally, is the headquarters for a small specialty store retailer The Brass Ring. Denny supported my decision to become a financial planner but he said every time I talked about retail, my eyes lit up. He convinced me to go talk to The Brass Ring before I accepted the job that I had been offered as a financial planner. So I put on my suit and headed to town. Much to my surprise, The Brass Ring had a buying position open and their GM had worked with my former GM at Cables. After a quick phone call to Cables, the GM offered me the sportswear tops buying position; the biggest area at BR. I knew that Denny was right and in my heart I was a retailer – I took the job.
I negotiated some conditions for this new job. I was promised much less travel than I had with Cables. I wanted a life outside of work and I was assured that BR buyers rarely need to work more than 45-50 hours a week and often just 40 hours. I was also going to working mainly with domestic vendors.

All of that took place about 18 months ago and what an 18 months it’s been. In that time I had turned the floundering sportswear tops department around into one of the most successful areas in the company. Although I was predominantly buying domestically I had reestablished some of my Asian connections and had begun importing some product. I also married Denny and was now the step-mother to a couple of school-aged children. Quite an 18 months indeed.

Not everything was perfect however. I am still traveling extensively, with 10-11 trips to New York and LA a year and a couple of trips to Asia are being planned to augment the import business. Traveling now has gone from tedious to barely tolerable as my concerns change from an unkempt lawn to missing my new family. Also, I am typically working about 50 hours a week, much better than at Cables, but quite a bit more than I was promised. Otherwise, I’m enjoying my work at BR and perhaps if I can further develop my vendor structure and product team, I can cut back on some travel and work fewer hours.

Bing chimes the “Crackberry” – one quick peak at the email won’t hurt. Lisa, my assistant, let one of my vendors know that I am on my honeymoon. The email is
congratulating me on my wedding and has a unique offer. The vendor would like to put me and Denny up for another night at The Inn on Spanish Bay, a luxury hotel right here on the peninsula. The vendor knows that I can’t take gifts from vendors but this is a wedding present that he will pay for personally and has nothing to do with work. We were planning on leaving in the morning but we both have a few more days of vacation that we were just going to spend at home and the kids are having fun with their grandparents. It is beautiful here in California and another day here would give Denny the opportunity to fulfill a lifelong dream and play golf at Pebble Beach.

Gifts from vendors are strictly forbidden by The Brass Ring; it would provide an unfair benefit to the buyer and could compromise the buyer’s integrity with the appearance of selling their purchasing power. Is this different? I certainly have a friendly relationship with this vendor; we’ve known each other since my days at Cables and we often go out to dinner during market week (not a violation of BR code of ethics). Getting a wedding present from a friend can’t violate any policies, can it? I know staying for another day would really be fun and Denny would be thrilled. With all the hours I put in, all the traveling I have to do and all the money I make for BR – why not? Then why does the pit in my stomach tell me no?

I used my Blackberry to download the BR’s policy on vendor gifts (see appendix B). I will have to decide if this is a gift from a vendor or a wedding gift from a friend. I guess I’ll have to read the policy again to decide – can I take this gift?
IV What actually happened

A) Dilemma 1 – sleepless night

I decided to leave Cables. I didn’t feel that I had enough factual information to alert the authorities and I didn’t feel like there was enough support within the organization to go over my boss’s head. That left me with two options; ignoring my gut and looking the other way or resigning. Sleep means a lot to me, so I resigned. Not coincidentally, my boss left Cables not too long after me. I was told by former colleagues that it was due in no small part to questions raised from my departure and my exit interview.

B) Dilemma 2 – A wedding gift?

After reading the company guidelines, I felt I had no choice but to turn down the offer. I also believe that accepting that gift would have changed my relationship with that vendor and I was not willing to run that risk. By the way, we did stay for the additional day on our own dime. By doing that, we were able to enjoy ourselves with a clear conscious and I even turned off the Blackberry.
Summary

These two dilemmas were related to me by my wife. We had discussed these situations in the abstract many times but it was interesting to interview her more fully about the exact circumstances and details of the situations and how she was feeling emotionally at the time. There was quite a bit more nuance and subtlety involved in these situations than I had previously realized.

I think that dilemma 2 was a much easier, much more clear-cut decision to make than dilemma 1 but the emotion of the moment and pressure from the vendor still made dilemma 2 a difficult decision.

The other thing that I found interesting in both cases was that you can always find justification to help convince yourself that any decision is appropriate; but if something inside you tells you it could be wrong, you should pay attention to that feeling – it is probably right. The prisoners at the federal prison camp told us, during our visit, that we all know right from wrong. Doing the right thing will lead to a happier, more content life and keep us out of prison.
Appendices*

Appendix A – Cable’s corporate policy for suppliers

LAWS & REGULATIONS All Cable’s Business Partners must operate in full compliance with all applicable local and national laws, rules and regulations pertaining to all aspects of factory operations in the jurisdiction of which they conduct business.

EMPLOYMENT PRACTICES Cable’s will only do business with Business Partners whose workers are treated fairly and who in all cases are present voluntarily, not put at risk of physical harm, fairly compensated, and allowed the right of free association and not exploited in any way. Business Partners shall ensure procedures are in place by which workers, alleging violations of these Terms of Engagement, may do so without fear of negative repercussions. In addition, Cable’s Business Partners must adhere to the following:

• Wages and Benefits: Cable’s Business Partners must pay workers wages and legally mandated benefits that comply with the higher of (a) any applicable law, or (b) to match the prevailing local manufacturing or industry practices. In addition to their compensation for regular hours of work, workers shall be compensated for overtime hours at such premium rates as are legally required, or in those countries where such laws do not exist, at least equal to their regular hourly wage rate. Cable’s recognizes that wages are essential to meet workers’ basic needs. Cable’s will seek and favor Business Partners who are committed to the betterment of wages and benefits within their facilities.

• Working Hours: Cable’s expects its Business Partners to operate based on prevailing local work hours. Except in extraordinary circumstances, Business Partners shall limit the number of hours that workers may work on a regularly scheduled basis to the legal limit on regular and overtime hours established by local laws and regulations in the jurisdiction in which they manufacture. Subject to the requirements of local law, a regularly scheduled workweek of no more than sixty (60) hours and one day off in every seven (7) day period are encouraged. Partners will comply with applicable laws that entitle workers to vacation time, leave periods and holidays. Business Partners must regularly provide reasonable rest periods and one day off within a seven-day period.

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Any time worked over the norm for the area should be compensated as prescribed by the local labor laws. Working hours must be recorded by an automated timekeeping system. Whenever a worker is present in a facility, the worker’s time must be recorded and the worker properly compensated. This applies to both regular and overtime working hours and any time used for work preparations or repairs.

• Child Labor: Use of child labor is strictly prohibited. Business Partners must observe all legal requirements for the work of authorized minors, particularly those relating to hours of work, wages, minimum education and working conditions. Cable’s supports the development of legitimate, workplace apprenticeship programs and Business Partners will be expected to comply with all laws and regulations applicable to such apprenticeship programs. “Child” is defined as a person who is younger than 15 (or 14 where the law of that country permits) or younger than the age for completing compulsory education in the country where such age is higher than 15. Cable’s will not utilize Business Partners who use or permit the use of child labor in any of their facilities.
• **Prison Labor/Forced Labor:** Business Partners will not use or permit the use of bonded labor, indentured labor, prison labor or Forced Labor in the manufacture or finishing of products ordered by Cable’s. Nor will Cable’s knowingly purchase materials from a Business Partner utilizing bonded labor, indentured labor, prison labor or Forced Labor. “Forced Labor” is defined as any work or service which is extracted from any person under the threat of penalty for its non-performance and for which the worker does not offer himself voluntarily. An employer involuntarily keeping workers identification documents is prohibited.

• **Discrimination:** While Cable’s recognizes and respects cultural differences, employment (hiring, wages, benefits, advancement, termination, and retirement) shall be based on the worker’s ability and not on personal characteristics. Cable’s believes that workers should be employed on the basis of their ability to do the job, rather than on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors. Cable’s will not utilize Business Partners who discriminate against workers on the basis of gender, age, disability, sexual orientation, racial characteristics, cultural or religious beliefs or similar factors.

• **Free Association:** Workers must be free to join organizations of their own choice. Business Partners shall recognize and respect the rights of workers to freedom of association and collective bargaining. Workers shall not be subject to intimidation or harassment in the peaceful exercise of their legal right to join or to refrain from joining an Organization.

• **Disciplinary Practices:** All Business Partners must treat all workers with respect and dignity. Cable’s will not utilize Business Partners who use, or permit the use of corporal punishment, physical, sexual, psychological or verbal harassment or other forms of mental or physical coercion, abuse or intimidation. Business Partners shall not use, or permit the use of fines as a disciplinary practice.

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• **Women’s Rights:** All Business Partners will ensure that workers who are women receive equal treatment in all aspects of employment. Pregnancy tests will not be a condition of employment or continuation thereof and pregnancy testing, to the extent it is provided, will be voluntary and at the option of the worker. Workers will not be exposed to hazards that may endanger their reproductive health and Business Partners will not force workers to use contraception.

• **Health & Safety:** Cable’s will only utilize Business Partners who provide workers with a clean, safe and healthful work environment designated to prevent accidents and injuries arising out of or occurring while in the course of work or as a result of the operation of a Business Partner’s facility. All Business Partners must comply with all applicable, legally mandated standards for workplace health and safety. Where applicable, Business Partners who provide residential facilities for their workers must provide safe and healthy facilities, separate from production facilities that comply with legally mandated standards for health and safety.

**ETHICAL STANDARDS** Cable’s will seek to identify and work with Business Partners who aspire as individuals and in the conduct of their business to a set of ethical standards which are compatible with Cable’s standards. Bribes, kickbacks or other similar unlawful
or improper payments are strictly prohibited to be given to any person or entity to obtain or retain business.

**Appendix 2 – The Brass Ring’s policy on vendor relations**

Bribes, Commissions, Honorariums, Gifts and Entertainment: The payment of any bribe, commission, honorarium, cash or other form of compensation or the giving or receipt of any gifts from or to any person or firm with whom The Brass Ring does or might do business is strictly prohibited. An occasional breakfast or lunch in the normal course of business relations, paid for by the vendor is permitted, provided that the principal purpose of the meal is to conduct business. If a The Brass Ring associate is invited to dinner with a vendor, the The Brass Ring associate should pay for his/her own dinner (charging any expense back to The Brass Ring), unless the The Brass Ring associate receives approval from the executive in charge of his/her functional area. However, other business related entertainment, such as theatre or sports tickets, is not allowed, unless they are personally paid for by the associate without reimbursement from the Company. If there is any question as to whether any of the above might be construed as creating a conflict, the vendor and any employee are expected immediately to discuss the matter with the General Counsel of The Brass Ring. Under no circumstances may any associate of The Brass Ring accept a loan from any vendor of The Brass Ring.

* The two excerpts reproduced in this appendix are taken directly from the code of ethics of their respective company’s websites. The company names were changed for purposes of anonymity.