The Scaffold Plank Incident

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What had started as a typically slow February day in the lumber business had turned into a moral dilemma. With 12 inches of snow covering the ground, construction (and lumber shipments) had ground to a halt and on the 26th of the month, the company was still $5,000 below break-even point. In the three years since he had been in the business, Bob Hopkins knew that a losing February was nothing unusual, but the country seemed to be headed for a recession, and as usual, housing starts were leading the way into the abyss.

Bob had gone to work for a commercial bank immediately after college but soon found the bureaucracy to be overwhelming and his career progress appeared to be written in stone. At the same time he was considering changing jobs, one of his customers, John White, offered him a job at White Lumber Company. The job was as a “trader,” a position that involved both buying and selling lumber. The compensation was incentive-based and there was no cap on how much a trader could earn. While Lumber, although small in size, was one of the bank’s best accounts. John White was not only a director of the bank but one of the community’s leading citizens.

It was a little after 8:00 a.m. when Bob received a call from Stan Parrish, the lumber buyer at Quality Lumber. Quality was one of White Lumber’s best retail dealer accounts, and Bob and Stan had established a good relationship.

“Bob I need a price and availability on 600 pieces of 3 x 12 Doug fir-rough-sawn—2 & better grade—16-feet long,” said Stan, after exchanging the usual pleasantries.

“No problem, Stan. We could have those ready for pickup tomorrow and the price would be $470 per thousand board feet.”

“The price sounds good, Bob. I’ll probably be getting back to you this afternoon with a firm order,” Stan replied.

Bob poured a third cup of coffee and mentally congratulated himself. Not bad, he thought—a two-truck order and a price that guaranteed full margin. It was only a half-hour later that Mike Fayerweather, his partner, asked Bob if he had gotten any inquiries on a truck of 16-foot scaffold plank. As Bob said he hadn’t, alarm bells began to go off in his brain. While Stan had not said anything about scaffold plank, the similarities between the inquiries seemed to be more than coincidence.

While almost all lumber undergoes some sort of grading, the grading rules on scaffold plank were unusually restrictive. Scaffold planks are the wooden planks that are suspended between metal supports, often many stories above the ground. When you see painters and window-washers standing high in the air, they generally are standing on scaffold plank. The timber had to be free of most of the natural defects found in ordinary construction lumber and had to have unusually high strength in flexing. Most people would not be able to tell certified scaffold plank from ordinary lumber, but it was covered by its own rules in the grading book, and if you
were working ten stories above the ground, you definitely wanted to have certified scaffold plank underneath you. White Lumber did not carry scaffold plank, but its rough 3 x 12s certainly would fool all but the expertly trained eye.

At lunch, Bob discusses his concerns about the inquiry with Mike.

“Look, Bob, I just don’t see where we have a problem. Stan didn’t specify scaffold plank, and you didn’t quote him on scaffold plank,” observed Mike. “We aren’t even certain that the order is for the same material.”

“I know all that, Mike,” said Bob, “but we both know that four inquiries with the same tally is just too big a coincidence, and three of those inquiries were for Paragraph 171 scaffold plank. It seems reasonable to assume that Stan’s quotation is for the same stuff.”

“Well, it’s obvious that our construction lumber is a good deal cheaper that the certified plank. If Stan is quoting on scaffold plank, then he will certainly win the job,” Mike said.

“Maybe I should call Stan back and get more information on the specifications of the job. It may turn out that this isn’t a scaffold plank job, and all of these problems will just disappear.”

The waitress slipped the check between the two lumbermen. “Well, that might not be such a great idea, Bob. First, Stan may be a little ticked off if you were suggesting he might be doing something unethical. It could blow the relations between our companies. Second, suppose he does say that the material is going to be used for scaffolding. We would not longer be able to say we didn’t know what it was going to be used for, and our best legal defense is out the window. I’d advise against calling him.”

Bob thought about discussing the situation with John White, but White was out of town. Also, White prided himself on giving his traders a great deal of autonomy. Going to White too often for answers to questions was perceived as showing a lack of initiative and responsibility.

Against Mike’s earlier warnings, Bob called Stan after lunch and discovered to his dismay that the material was going to be used for scaffold plank.

“Listen, Bob, I’ve been trying to sell this account for three months and this is the first inquiry that I’ve had a chance on. This is really important to me personally and to my superiors here at Quality. With this sale, we could land this account.”

“But, Stan, we both know that our material doesn’t meet the specs for scaffold plank.”

“I know, I know,” said Stan,” but I am not selling it to the customer as scaffold plank. It’s just regular construction lumber as far as we are both concerned. That’s how I’ve sold it, and that’s what will show on the invoices. We’re completely protected. Now just between you and me, the foreman on the job kinda winked at me and told me it was going to be scaffolding, but they’re interested in keeping their costs down too. Also, they need this lumber by Friday, and there just isn’t any scaffold plank in the local market.”
“It just doesn’t seem right to me,” replied Bob.

“Look, I don’t particularly like it, either. The actual specifications call for 2-inch thick material but since it isn’t actually scaffold plank, I’m going to order 3-inch planks. That is an extra inch of strength, and we both know that the load factors given in the engineering tables are too conservative to begin with. There’s no chance that the material could fail in use. I happen to know that Haney Lumber is quoting a non-scaffold grade in a 2-inch material. If we don’t grab this, someone else will and the material will be a lot worse than what we are going to supply.”

When Bob continued to express hesitation, Stan said, “I won’t hear about the status of the order until tomorrow, but we both know that your material will do this job OK—scaffold plank or not. The next year or two in this business are going to be lean for everyone, and our job—yours and mine—is putting lumber on job sites, not debating how many angels can dance on the head of a pin. Now if Quality can’t count on you doing your job as a supplier, there are plenty of other wholesalers calling here every day who want our business. You better decide if you are going to be one of the survivors or not! I’ll talk to you in the morning, Bob.”

The next morning, Bob found a note on his desk telling him to see John White ASAP. Bob entered John’s oak-paneled office and described the conversation with Stan yesterday. John slid a company sales order across the desk, and Bob saw it was a sales order for the 3 x 12s to Quality Lumber. In the space for the salesman’s name, Bob saw that John had filled in “Bob Hopkins.” Barely able to control his anger, Bob said, “I don’t want anything to do with this order. I thought White Lumber was an ethical company, and here we are doing the same thing that all the fly-by-nighters do,” sputtered Bob in concluding his argument.

John White looked at Bob and calmly puffed on his pipe. “The first thing you better do, Bob, is to calm down and put away your righteous superiority for a moment. You can’t make or understand a good decision when you are as lathered up as you are. You are beginning to sound like a religious nut. What makes you think that you have the monopoly on ethical behavior? You’ve been out of college for four or five years, while I’ve been making these decisions for forty years. If you go into the industry or the community and compare your reputation with mine, you’ll find out that you aren’t even in the same league.”

Bob knew John White was right. He had, perhaps, overstated his case, and in doing so, sounded like a zealot. When he relaxed and felt as though he was once again capable of rational thought, he said, “We both know that this lumber is going to be used for a purpose for which it is probably not suitable. Granted, there is only a very small chance that it will fail, but I don’t see how we can take that chance.”

“Look, Bob, I’ve been in this business for a long time, and I’ve seen practices that would curl your hair. Undershipping (shipping 290 pieces when the order calls for 300), shipping material a grade below what was ordered, bribing building inspectors and receiving clerks, and so on. We don’t do those things at my company.”

“Don’t we have a responsibility to our customers though?” asked Bob.
“Of course we do, Bob, but we aren’t policemen, either. Our job is to sell lumber that is up to specification. I can’t and won’t be responsible for how the lumber is used after it leaves our yard. Between the forest and the final user, lumber may pass through a dozen transactions before it reaches the ultimate user. If we are to assume responsibility for every one of those transactions, we would probably have time to sell about four boards a year. We have to assume, just like every other business, that our suppliers and our customers are knowledgeable and will also act ethically. But whether they do or don’t, it is not possible for us to be their keepers.”

Bob interjected, “But we have reason to believe that this material will be used as scaffolding. I think we have an obligation to follow up on that information.”

“Hold on, just a second, Bob. I told you once we are not the police. We don’t even know who the final user is, so how are we going to follow up on this? If Stan is jerking us around, he certainly won’t tell us. And even if we did know, what would we do? If we are going to do this consistently, that means we would have to ask every customer who the final end user is. Most of our customers would interpret that as us trying to bypass them in the distribution channel. They won’t tell us, and I can’t blame them. If we carry your argument to its final conclusion, we’ll have to start taking depositions on every invoice we sell.

“In the Quality Lumber instance, we are selling material to the customer as specified by the customer, Stan at Quality Lumber. The invoice will be marked, ‘This material is not suitable for use as scaffold plank.’ Although I’m not a lawyer, I believe that we have fulfilled our legal obligation. We have a signed purchase order and are supplying lumber that meets the specification. I know we have followed the practices that are customary in the industry. Finally, I believe that our material will be better than anything else that could conceivably go on the job. Right now, there is no 2-inch dense 171 scaffold plank in this market, so it is not as though a better grade could be supplied in the time allotted. I would argue that we are ethically obligated to supply this lumber. If anyone is ethically at fault, it is probably the purchasing agent who specified a material that is not available.”

When Bob still appeared to be unconvinced, John White asked him, “What about the other people here at the company? You’re acting as though you are the only person who has a stake in this. It may be easy for you to turn this order down—you’ve got a college degree and a lot of career options. But I have to worry about all of the people at this company. Steve out there on the forklift never finished high school. He’s worked here thirty years and if he loses this job, he’ll probably never find another one. Janet over in bookkeeping has a disabled husband. While I can’t afford to pay her very much, our health insurance plan keeps their family together. With the bills her husband accumulates in a year, she could never get him on another group insurance plan if she lost this job.

“Bob, I’m not saying that we should do anything and then try to justify it, but business ethics in the real world is not the same thing you studied in the classroom, you have nothing to lose by taking the morally superior ground. Out here, companies close, people lose their jobs, lives can be destroyed. To always say, ‘No, we won’t do that’ is no better than having no ethics at all. Ethics involves making tough choices, weighing costs and benefits. There are no hard-and-fast answers in these cases. We just have to approach each situation individually.”
As Bob left John’s office, he was more confused than ever. When he first entered his office, he had every intention of quitting in moral indignation, but John’s argument had made a lot of sense to him, and me both trusted and respected John. After all, John White had a great deal more experience than he did and was highly respected in both the community and the lumber industry. Yet he was still uncomfortable with the decision. Was selling lumber to Quality merely a necessary adjustment of his ivory tower ethics to the real world of business? Or was it the first fork in the road to a destination he did not want to reach?