



Case Studies in Ethics

**Denver Chapter
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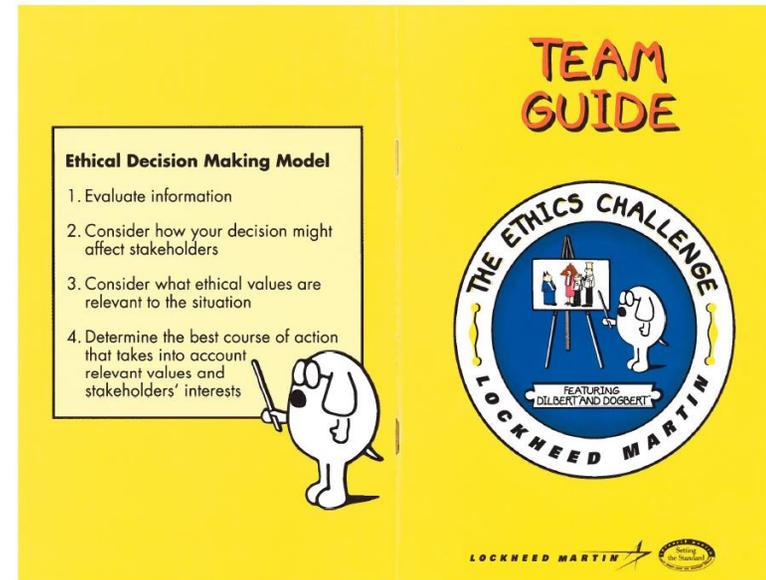
**Mike White
John Benton**

Topic Sources

Ethics for the Evaluation Engineer
by Mr. Thomas S Collier, P.E.
Presented at the SPEE Annual
Meeting June 3, 2011



The Ethics Challenge
Lockheed Martin
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Who's Map is it Anyway?

- Your best friend and long-time associate has recently retired from a major oil company at age 55 and has immediately gone to work for another firm in the same basin.
- He starts his new job by recreating much of the mapping he did at his old company.
- Although he's mapped the area previously, he still relies on a few copies of old work maps that he has used before.
- These are work maps that he has developed and used throughout his career.
- Is there an ethical problem?

Adapted from Ethics for the Evaluation Engineer
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If we are building alignment, how can it be crooked?

- Your company has just launched a new incentive program to reward performance.
- For every 10,000 barrels of discoveries and extensions that you book, you receive a bonus.
- It's just a matter of "getting it past the auditor", an independent outside engineering firm which does not prepare nor certify reserves, but assists in the self certification process.
- Is this a conflict of interest?

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Finders Keepers

- It's the fourth quarter and your company still has unspent acquisition budget money that will not carry into the next year.
- You have begun discussions on an exclusive basis with one of the members of a partnership to purchase some attractive assets.
- After much discussion and more than a little frustration over not being able to meet face to face with the other partners, you reach what you feel is a fair price just 5% below your maximum authorization.
- You then learn that the partner with which you have been negotiating owns only a few percent of the partnership. Subsequently, you receive a fax with an executed copy of a finder's fee agreement. In addition to his ownership share, he wants a 3% finder's fee.
- You are advised by your legal team that there is no law or policy against such a payment. But do you have an ethical problem?

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Proper Use of Company Resources

One of your co-workers is copying company software at work and taking it home. You need the same software for your personal use and are having problems raising the money to buy it. What do you do?

Potential Answers:

- A. Tell your co-worker that it is unfair that you have to save in order to buy the software when he doesn't.
- B. Report the matter to your supervisor, and ask whether you can copy the software for personal use.
- C. Copy the software yourself. Your co-worker hasn't been caught.
- D. Contact your Software Support or (IT) representative for guidance.



See if there is a reward for turning in your co-worker.

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Leader Comments:

- A. The company may have negotiated a license for employees to use the software package at home. You should find out before you accuse your co-worker of any suspected wrongdoing.
- B. Your supervisor may be the best source of information on which software is under license for personal use. Your supervisor is also the right person to take appropriate action with your co-worker if the software is not under license for personal use.
- C. This may make you guilty of theft. Even if the software license does permit copying, get your supervisor's consent in advance.
- D. This is an acceptable alternative. IT support will have detailed knowledge of the licensing situation.

Training and Development

A company-sponsored training course is being held in Orlando, Florida, and you have been selected to attend. You have no interest in the training, but you are ready for a vacation and have never been to Florida. What would you do?

Potential Answers:

- A. Ask you supervisor if he thinks it would be beneficial. If so, pack your bags.
- B. Under the theory that any training will be of some benefit to you, sign up.
- C. Forget about the training.
- D. Convince your supervisor that the course will be beneficial, then go only to the sessions that have obvious relationship to your current work assignment.



Wear mouse ears to work and hum “It’s a Small World After All” all day long.

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Leader Comments:

- A. The supervisor will often have a different perspective on what training you need in order to do your work. Of course if you attend the training, you will be expected to participate fully.
- B. Even though this is a free trip to Florida, you should go only if it will help you do your job.
- C. This avoids any ethical issue, but you may miss some benefit. In any case, make sure you discuss your training needs with your supervisor from time to time.
- D. Although you may gain limited benefit, your supervisor will expect you to participate fully.

Scientific Integrity

As a senior research scientist, you receive a research paper for peer review. The paper essentially duplicates research you are writing up for publication. If this paper is published before your paper, you will be “scooped” in the profession. Christmas holidays are coming. You had planned to use the free time to complete your paper and submit it for open literature publication. Reviewing the competing paper will take valuable time plus allowing it to be published first will drastically affect your career. What do you think?

Potential Answers:

- A. You know that the contents of the yet unreviewed paper could affect your conclusions. Without reading the paper, you return the manuscript to the journal editor explaining your situation. Then you quickly finalize your paper and submit it.
- B. Let Christmas holiday “conveniently” delay the review. Then provide negative review comments knowing that this will delay publication.
- C. With the editor’s permission, contact the other author to see if you might combine efforts and produce an even better paper.
- D. Review the paper, provide objective comments and return it promptly.



Submit his paper with your name on it. Chalk it up to coincidence.

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Leader Comments:

- A. The upfront approach is best. It removes any sort of potential allegation that you might have “stolen” ideas from the other paper thus avoiding any potential for conflict of interest.
- B. This is professionally unethical. What if the shoe were on the other foot?
- C. Perhaps two authors could create a published product much better than either individually would. You should not contact the other author without approval by the journal editor as all aspects of peer review are normally confidential. An issue of senior authorship might arise if publications are combined.
- D. Under this option you run the risk of inadvertently acquiring ideas from the peer review that might be incorporated into your present writing without proper acknowledgement.

Accepting Gifts

You are attending a conference as a representative of your company. A supplier to your industry passes out iPod Nano's valued at \$99 to everyone at the meeting. What should you do?

Potential Answers:

- A. Accept the thoughtful gesture since the gift is valued under \$100, there is no need to report it.
- B. Accept the gift, but be sure and report it to your manager. If your manager tells you to return it, you are required to comply.
- C. Accept the gift if declining it puts you or the company in an awkward position. Then, immediately consult the company Ethics Officer for disposition.
- D. Politely refuse the gift.



Ask for a few extras for your “sick kids”.

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- E. Ask for a few extras for your "sick kids".

Leader Comments:

- A. Generally organizations establish policies prohibiting its employees from accepting gifts exceeding a nominal retail value from individuals, companies or representative of companies seeking to do business with it. Nominal is generally \$20 – 30, about the cost of a lunch.
- B. If a gift is inadvertently accepted in violation of company policy, it should be returned.
- C. This may be acceptable in limited circumstances. It is, however, best to try to avoid such circumstances.
- D. Refusing the gift is the best response.

Vendor Relationships

You are the purchasing manager for your company. Your spouse works for one of your vendors. Your spouse's company has given her two tickets to a basketball playoff valued at \$150 each. Can you accept one of the tickets and go to the playoffs with your spouse?

Potential Answers:

- A. You can go to the playoffs with your spouse because the gift was based on a pre-existing personal relationship, independent of any business relationship.
- B. Because the face value of the ticket is more than \$30, you should not accept or use the ticket.
- C. You can use the ticket to go to the playoffs, but you must reimburse the vendor for the face value of your ticket.
- D. You can accept the ticket, but you should consult your supervisor to determine whether or not you can use it.



Use the ticket but go to the game in disguise.

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- E. Use the ticket but go to the game in disguise.

Leader Comments:

- A. Your personal relationship with your spouse transcends the company-vendor relationship so it is perfectly acceptable to attend the game with your spouse.
- B. The ticket is not considered a business courtesy because you are receiving it from your spouse. Therefore the value of the ticket is not a factor.
- C. Whenever you are concerned about the possible appearance of an impropriety or conflict of interest, this is a sound course of action.
- D. Whenever you are unsure what is the right thing to do, it never hurts to consult your supervisor before making a decision. In fact, it is a good idea. It is important to consider even the appearance of impropriety.

Proper Use of Company Resources

Two of your subordinates often provide their children with school supplies from the office. How do you handle this situation?

Potential Answers:

- A. Lock up the supplies and issue only as needed.
- B. Discuss the issue with the two subordinates. Explain that supplies are for company use only.
- C. Report the theft of supplies to Security or up the chain of command.
- D. Tell the two subordinates that supplies are for office use only. Also, send a reminder notice to all employees that office supplies are for office use only.



Hoard the good stuff for yourself before “Robin Hood” gets his paws on it.

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- E. Hoard the good stuff for yourself before “Robin Hood” gets his paws on it.

Leader Comments:

- A. This may resolve the problem, but punishes everyone. It’s not an efficient way to work.
- B. This is directed at solving the immediate problem. But is this only the tip of the iceberg? Are there more pilferers?
- C. While technically correct, it is overkill. As a supervisor, you should address the problem within your organization.
- D. This solution is aimed at the immediate problem and also stopping future problems of this nature.

Conflict of Interest

One of your company's suppliers is having problems supplying your company. When you inform the supplier's management, they offer to employ you as a consultant over the next few weekends to help them correct the problem – giving you a chance to earn some needed money. What should you do?

Potential Answers:

- A. Accept the supplier's offer because, after all, you're doing the work on your own time – and you will be helping your company obtain a better product.
- B. Seek permission from your manager before accepting the offer.
- C. Inform your management after you have completed the consulting assignment.
- D. Turn down the offer, but be sure to let your manager know about it.



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Leader Comments:

- A. Acting as a consultant to a customer or supplier is a classic example of conflict of interest.
- B. It is always a good idea to seek guidance from your manager, who will advise you on the proper course of action.
- C. Notifying your manager after the fact does nothing to mitigate the problem – see A above.
- D. Avoid relationships which could be viewed as having the potential to influence your objectivity. But there is the chance that your management may want you to help the supplier, if legal and ethical arrangements can be made.

Disparaging a Competitor

A potential customer asks you to explain how your company's products and services are superior to a competitor's products and services. What is an acceptable response?

Potential Answers:

- A. Call into question the competitor's expertise and experience.
- B. Decline to pass judgment on the competitor, but explain the positive capabilities or your product.
- C. If quantitative performance data is publically available, comparative data can be used.
- D. Say that your customer service program is superior, offering greater convenience and higher customer satisfaction than your competitor.



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Leader Comments:

- A. You may not be in a position to judge the competitor's level of expertise and experience. Even if you are, badmouthing a competitor reflects poorly on you, and could expose your company to legal liability.
- B. It is far better to concentrate on the positive capabilities of your own product.
- C. Numerical data published by the competitor or an independent source is openly available for all to see and judge for themselves.
- D. Service quality is difficult to quantify or measure. Only the customer can judge its superiority.

Conflict of Interest

A member of your immediate family has a financial interest in a small, privately-owned supplier to your company. Are you required to report this fact?

Potential Answers:

- A. Yes, all employees are required to report any conflict or appearance of conflict.
- B. Yes, because it could “look bad” even though I don’t deal directly with that supplier in my work.
- C. No, as long as I don’t allow that financial interest to improperly influence my job responsibilities.
- D. No, if that financial interest is less than \$10,000.



No, I have a constitutional right to free enterprise.

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- E. No, I have a constitutional right to free enterprise.

Leader Comments:

- A. You should avoid any relationship, influence or activity that might impair, or even appear to impair your ability to make objective and fair decisions when performing your job.
- B. Even if you do not deal directly with the supplier, there could still be the appearance of an impropriety. Most company policies require that you disclose any interest that you have in a supplier.
- C. Same answer as B above.
- D. Answer A still applies. Even though the value of the interest may be low, the appearance may still be a problem. You should still disclose it.



What would you do if your mother asked you?