



## “It is Just Not Enough”: The Tragedy of a Manufacturing Defect

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### **Abstract**

Victaulic Company (“Victaulic”) is a privately-owned, third generation, American family business. The company makes mechanical pipe-fittings especially for heating and cooling systems. A contracted overseas producer constructed one of their products, but without notice to Victaulic, substituted cheaper materials that had the potential to fail under pressure. One of the faulty products cracked while a heating system was being tested. As a result, a worker was severely burned and died several days later. Joe Savage, Vice President of Finance, was tasked to work with the insurance company to ensure a fair payment, which had previously attempted to minimize claims. Savage met the family and their lawyers in person to admit the company’s responsibility in the accident, apologize, and negotiate a fair payment. Afterwards, based on a recognition that the initial settlement was “just not enough,” the owners and management of the firm had to decide whether to give additional compensation.

### **Learning Outcomes**

In completing this assignment, students should be able to:

1. Articulate the dilemma faced by a business in the wake of an accident caused by its product.
2. Identify what ethical justifications are relevant to the decision-making process for a business in the wake of an accident caused by its product.
3. Develop an argument for or against relying on emotional intelligence as a leadership competency.
4. Critique the management team’s core leadership competencies during this crucible.

### **Application**

This case is most appropriate for undergraduate classes on ethics, advanced undergraduate- and graduate-level classes on business ethics, and graduate-level classes on leadership.

### **Keywords**

Supply-chain management, corporate culture, ethics

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