

## THE CASE OF THE BURNING LAPTOPS

Jeanne Christman, Rochester Institute of Technology

### SYNOPSIS

This case offers students the opportunity to evaluate the response of laptop computer manufacturers to incidents of their batteries overheating and igniting into flames. Between August 14, 2006 and October 24, 2006 9.6 million laptop batteries, all manufactured by Sony Corp., were recalled due to potential fire hazard. This recall was the largest recall of any product in history. For eight weeks, Sony denied culpability for the overheating batteries as five different laptop computer manufacturers issued recalls. After eight weeks, Sony admitted responsibility, apologized and paid to replace all of the batteries. The direct cost to Sony to replace the batteries was easily measured. However, the cost in terms of reputation and loss of future market share was not as easily assessed. The six companies involved were faced with critical decisions as to how respond to the crisis.

Additionally, this case offers a high level technical explanation of lithium ion battery operation allowing the student to have a better understanding of how the product failure occurred.

### LEARNING OBJECTIVES

The learning objectives of this case are:

1. Critique various companies' responses to the same product failure by identifying the strengths and weaknesses of each response
2. Evaluate the ethicality of Sony's response to product failure
3. Recommend corporate responses in incidents of product failures.
4. Compare and critique the responses of different companies to various product recalls.
5. Identify and describe reasons why companies are reluctant or fail to recall defective products.

### APPLICATION

This case is primarily suitable for use in undergraduate courses on Business Ethics or Business and Public Policy. It may also be used in undergraduate courses on Strategic Management, Engineering Ethics and Engineering Management.

### KEY WORDS

Product Failure, Business Ethics, Product Recall, Engineering Ethics, Product harm failure

**CONTACT** Jeanne W. Christman, Rochester Institute of Technology, 78 Lomb Memorial Dr. Rochester, NY 14623, [jxciee@rit.edu](mailto:jxciee@rit.edu), (585) 475-6609