CASE STUDY – IS IT A RIGHT OR WRONG WAY TO SELL?

Five years after graduating from Santa Clara University, Ilene Kennedy got a job in contract sales, selling high-end office furniture to large companies throughout Northern California. Ilene was a manufacturer's rep who represented ten lines of furniture to dealers who then sold the furniture to the end user-law firms and financial companies in remodel or expansion processes.

Ilene had learned about the strict chain-of-custody within the contract furniture industry from a close friend in the business. This chain was a custom in the business which permitted only certain individuals to sell to and represent those immediately above or below them in the "ladder." In the system, designers and architects who were remodeling law firms and company offices specified furniture to buy from the dealers who would, in turn, buy the furniture from the manufacturer. As a manufacturer's representative, Ilene would only be selling to dealers, architects and designers. She would not be selling to end users.

But when this chain-of-custody system was explained to Ilene by her new boss, he told her that, in reality, it often didn't work that way. He had hired Ilene to sell directly to the law firms and companies-thereby cutting out the dealers, architects and designers. By eliminating the dealers, architects and designers in the process, Ilene's firm could make a bigger profit margin. In many large deals, Ilene was bidding against dealers, architects and designers she often worked closely with-dealers she was supposed to be using at the time. The entire process made Ilene feels very uncomfortable-she felt like she was cheating the system. It was apparent that her company was using a less accepted strategy.

After a couple months, she brought the concern to her boss, the owner of the company, who was completely unsupportive.

Her boss told her that she was, "too idealistic and not a true salesperson." They were in the business to make money, not to make friends. He said she could leave if she didn't feel comfortable with the arrangement.

"I just realized I was hired for a position that was completely unethical," said Ilene.

Frustrated, Ilene did her best to balance both her role as a manufacturer's representative and her forced role in the bidding wars. On several occasions she bowed out of potential deals with end-users when she was faced with bidding against her own dealer client. In these instances the dealers knew that Ilene was going after the profit. She wasn't proud of the strategy and, knowing well that she may have to work with the dealers in the future, she decided to take herself out of the awkward situations.

But Ilene couldn't handle the balance. "I told my boss that I was uncomfortable selling to the end-users for ethical reasons," said Ilene. For the next six months, Ilene only sold to dealers and designers-as the chain-of-custody intended it.

"The option was less lucrative for me and for the company, but at least I was doing what I thought was right and fair," said Ilene.

After those six months, Ilene quit the job and began a sales job in another industry where she's found ground-breaking success.

**Discussion Questions:**

1. Do you think the sales strategy of Ilene's boss is unethical or just an aggressive tactic?
2. What would your advice be to Ilene on how to deal with this discomfort she felt with selling directly to end users?
3. How could this practice of breaking the chain-of-custody impact the industry?
4. Does Ilene have the obligation to push for broader changes within the system, rather than only changing her own job responsibilities to align with her personal ethics?
5. Is it ethically forbidden to go out of the sales chain?