

E-Commerce Business Ethics Case Studies

Case 2

Introduction

In this first case you'll explore ethical decision making and current issues in e-commerce as you follow the developments of E-Kin -- a company started by college students. As E-Kin grows and delves into the world of e-commerce, the founders and executives encounter some tough decision making.

To begin working on this case, review the following sections:

- **Company Background**
- **Employee Biographies**
- **Case Scenario**

Next, review the **Case Questions**. Your instructor will assign you to one or more questions. Your instructor will also let you know how to submit your work.

Company Background

The History of E-Kin – "We did it"

A few years ago three Place University graduate business students, Slim Pickens, Jennifer Valley, and Ken E. Sellit were sharing laughs at a local restaurant. E-Kin was born after Slim spilled coffee down the front of his cool Bob Marley tee shirt and Jennifer said, "Don't worry 'bout a thing. Every little thing's going to be alright. I'll make a better shirt for you". Once Slim and Ken saw the quality of Jennifer's work, they all sat down together to talk business. E-Kin started in the basement of Slim's house. They specialized in Place University tee shirts. Slim, Jennifer, and Ken sold the tee shirts at school games, and made enough to pay for their tuition.

Sales picked up when E-Kin expanded production into sweatshirts, caps, school flags, etc. Maria Whinner was hired to do customer service and distribution to help handle the load. During that summer E-kin rented retail space close to Place University. Business really took off and E-kin hired a CIO, Cam Crawford, a CFO, Won Dour Trump and a Purchasing Director, Eric Zachary "EZ" Cash. Seeing the handwriting on the wall, E-kin solicited venture capital to move the business to the next level. A few months ago, they hired a consultant, Noah Tahle, from Tahle-Talze Consulting to investigate the possibility of going into E-commerce.

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Employee Biographies

ORIGINAL FOUNDERS

CEO: Slim Pickens Age: 46	
Awards:	Honorable Mention Ribbon "Cutest Dimple Contest"
Education:	B.A. International School of Music, Oslo Norway. B.S. Stamford University, Stamford CT. MBA Place University
Work History:	Playwright for the production of "I am no stranger than the next guy". U.S. Dept of Transportation, Originator of luminous print for Road signs. Bar and Grille owner, opened the first Road-Kill Café in Butte, Montana. Creative writer, coined the phrase "You know you're a red neck when...".
Notable experience:	Slim Pickens is an entrepreneur, having developed a number of businesses over the years in a variety of industries. He is independently wealthy and works because he enjoys start up operations. He generally moves away from the business once it is up, running and self-sustaining. He enjoys mentoring younger associates, a selfless man seldom taking any credit himself for his contributions to their success. Slim is an experienced performer having worked his way through school as a member of the barbershop quartet, Holy Moses, playing such memorable tunes as, "Please help us part the sea" and "I'd rather be an angel". Slim suggested the formation of the E-Kin operation while at a basement party with his future partners, while in a meditative state and enjoying Bob Marley tunes.

Sales/Marketing Director: Ken E. Sellit Age: 33	
Vices:	Compulsive-perfectionist who does everything to the extreme
Hobbies:	Avid golfer and extreme skier
Awards:	Toastmasters Most Improved Award Zig Zigar Most Improved Award Dale Carnegie Most Valuable Student Kiwans Citizen of the Year Rotary Man of the Year
Education:	Undergraduate degree from the University of Colorado MBA – Place University
Marital Status:	Married with 7 children (11, 9, 7, 5, 3, twins – 18 months)
Work History:	Front Range Auto – Boulder, CO Part/time Car Salesman Republic Software – Boulder, CO Software Salesman Grade A Heifer, mail order steak and liver shop, Omaha, NE, Director of Sales & Marketing. Currently is Sales/Marketing Director for E-Kin: 2 full/time sales people located in Omaha, NE; and Lincoln, NE and 5 part/time sales people located in Ann Arbor, MI; Iowa City, IA; Ames, IA; Austin, TX; and Miami, FL.

Vice President of Production: Jennifer Valley Age: 27	
Hobbies:	Golf, volleyball, bicycling
Education:	B.S. University of Iowa, emphasis in Management Information Systems MBA, Place University
Work History:	Systems Analyst, Mutual of Perkins When E-Kin started Jennifer was in charge of both Production and Information Technology. These tasks became an overwhelming responsibility, so 9 months ago E-Kin hired Cam as the new CIO. Jennifer is currently still responsible for all of the production decisions that are made, but is no longer the key player with regards to Information Technology at E-Kin.

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EXPANSION TEAM

CFO: Won Dour Trump Age: 34	
Hobbies:	Gambling, prairie dog hunting, sailing with no moon, and body surfing
Awards:	Pine wood derby champion Voted most likely to fail – High School Class of 19xx, Entrepreneur of the Year (Business Magazine)
Education:	BS in Accounting from the University of Nevada Las Vegas MBA from Central Idaho State
Marital Status:	Currently single, divorced while in Cancun
Work History:	Founder of The Blooming Onion Machine Company (CEO/CFO), Boise, ID Sun Beach Resort, Cancun Mexico – Bartender, Returned to the states to pursue career. Current Position: CFO E-Kin

CIO: Cam Crawford Age: 27	
Vices:	None, I'm perfect.
Hobbies:	Baseball, golf, and playing the drums
Awards:	Named Texas Male Athlete of the Year Outstanding Drummer award from the Bammies Rookie of the Year Award from IBM Student of the Month
Marital Status:	Married, wife's name is Cindy.
Education:	BS Creighton University MBA Creighton University
Work History:	IBM Contractor Currently CIO for E-Kin

Customer Service/Distribution Manager: Maria Whinnor Age: 35	
Vices:	Perfectionist - Always trying to please to serve/deliver the product on time Determination - never a quitter (despite my last name) Dependable - you can always count on Maria to stay until the job is done - which explains why I'm still single (but I'm not whining)
Hobbies:	Bike Riding, Volunteer at Humane Society, cleaning up cat hair
Awards:	Community Service awards for Humane Society Service Award for Lack of Whining
Interests:	Cat Lover - own two cats or maybe they own me. Development of a line of custom T-shirts for dogs and cats - old college professor came up with the idea. Customer behavior during full moon phases (Why do calls increase at this time?) Time for "whiners" to come out.
Marital Status:	Single (still trying to balance work and play but I'm not whining)
Education:	BA in Marketing Pennsylvania State University (great mascot) MBA Creighton University
Work History:	Quality Assurance for "Foods are Us" specializing in consumer complaints (10-years experience with dealing with satisfied and dissatisfied customers). Current Position: Customer Service/Distribution Manager for E-Kin

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EXPANSION TEAM (continued)

Purchasing Director: Eric Zachary "EZ" Cash Age: 45	
Vices:	Meticulous, penny pincher. People call him "Cheap" behind his back. Wears outdated clothes and says no to almost everything, a true pessimist.
Hobbies:	Antique, stamp, and coin collector. Golfs when others pay his way. Computer "Geek".
Awards:	Regional "National Association of Purchasing Managers" Ethical award recipient Nebraska's Cheapest Man of the Year (given by his coworkers)
Education:	Undergraduate degree from Wayne State College MBA – University of Nebraska Omaha
Work History:	Buyer for AT & T Purchasing Manager at Computer World, Inc. Current Position: Purchasing Director for E-Kin, 1 purchasing clerk located in Omaha, NE, 1 full time buyer located in Omaha, NE.

External Consultant: Noah Tahle Age: 35	
Vices:	Mint chocolate-chip ice cream.
Hobbies:	Membership with an exclusive gym that he never uses. International travel.
Marital Status:	Divorced, two kids ages 4 and 6.
Education:	B.A., Dartmouth College, Hanover, NH M.A., Oxford University, Mansfield College, Oxford, England.
Work History:	Worked for large International public accounting firm providing business development and risk management services to clients. Worked in Strategy and Product Development department of large US retail company with traditional retail outlets and extensive catalog sales. 1998- present: Established partnership with Bob Talze and created business consulting firm (Tahle-Talze Consulting). Emphasis is on small/medium size business development and e-commerce.

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Case Scenario

Privacy Case

Dilemmas: *During the E-kin quarterly board meeting a report from the customer service department head Maria Whinnor surfaced. Its focus was the question of the revenue possibilities from the sale of customer preference information as well as its implications.*

Cam Crawford, CIO: It would be a violation of traditional ethics if we were to sell personal information provided to us by our customers.

Ken E. Sellit, Sales/Marketing Director: We can make big money and cover a significant portion of our fixed costs if we sell the information provided by our customers. Frankly with the startup nature of our operations it could mean the difference between a break-even position or a deficit.

Slim Pickens, CEO: We are earmarking a significant amount of our capitol expenditures toward this web site and online systems. Those areas must be self-sustaining. As CIO I am looking to you to cover your costs. I do not want you to violate your ethical and moral values but at the same time you must cover these costs. Find a way to do the necessary. I am not going to make the decision for you.

Cam Crawford, CIO: I believe we must establish impeccable integrity in the eyes of our customers. It is not only the ethical thing to do it is good for business. We must establish trust. That trust will allow us the ability to maintain a long-term relationship providing those customers with goods and services. I refuse to violate that trust.

Ken E. Sellit, Sales/Marketing Director: Don't get me wrong I agree with you both, at the same time we must generate the level of revenue needed to keep our operations afloat. Let's work together to build a stronger company based on integrity with quality goods and services

Slim Pickens, CEO: Gentlemen your suggestions are appreciated. Please keep in mind that this is a real life business not some theoretical operation in the mind of some academic. We will need to balance integrity with planning, organizing, producing and monitoring results if we are to be successful. At the end of the day this is why you each were hired. I look to you to make all of these things a reality.

Case Questions

First read the Case Study Scenario and other materials located above. Then, think about the questions below. Your group should not attempt to answer each question. Your instructor has assigned each group one or more questions.

Discuss these issues with your group. Decide on your answers. Find a Web resource that supports your answer(s). Choose a group member to submit your group response (along with the URL of the Web resource).

1. Would it be ethical for E-Kin to sell customer information? If so, when? If so, what type of information? Why or why not?
2. Should E-kin disclose to customers their privacy policy concerning customer information that is collected? Will this affect their credibility? Profitability?
3. What is the relationship between privacy and ethics in e-commerce?