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Interviewing: The Family Business Dilemma

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Interviewing: The Family Business Dilemma

Trent is a college graduate with a mechanical engineering degree. Trent recently interview and was hired by IOC (Industrial Oven Corporation). IOC manufactures industrial ovens and furnaces for a variety of process-heating applications, such as composite curing, heat-treating, and annealing. IOC is based in Chicago and employees over 720 people. They generate annual revenues over \$100 million and are internationally known for their products.

When Trent interviewed with IOC, they asked him about some of his past job experiences. As indicated on his resume, Trent used to work for a small company called INDUSTRIAL-PRO. INDUSTRIAL-PRO also manufactures ovens and furnaces, but its primary business is conveyor ovens, which IOC does not manufacture. Intrigued, the HR Manager interviewing Trent asked him to elaborate on his experience at INDUSTRIAL-PRO. Trent told the Manager that he worked there in the summers throughout high school and college. In high school he worked in various departments of production, including welding, fabrication, and assembly. In college, he was able to move from the shop into the office where he did engineering design work. Trent continued, “INDUSTRIAL-PRO was a great company to work for. I loved my job and the people I worked with, but it was too small and I felt like I needed to get some different experience.” INDUSTRIAL-PRO is located in a small town called Norwalk, OH. They only employee 130 people and have annual revenues around \$7 million.

The HR Manager seemed very impressed and told Trent he’d call him in a couple days to follow up. Trent thanked him for his time and headed for the bus home. On his way, Trent was feeling somewhat guilty about something he didn’t tell them, nor did they ask. What Trent didn’t tell them is that INDUSTRIAL-PRO was actually a family owned business that his father ran and he hoped to eventually take over one day. The real reason he was interviewing at IOC was because his father thought he should get some different experience after college to see if there’s something else he might want to do. His father didn’t want him to feel obligated to return to the family business, but at the same time felt that if he did want to return, he should have some relevant experience from a bigger company with plenty of resources.

A couple days went by and finally Trent received a call from IOC. They told him that they’d like to hire him right away and asked him to come in to sign some paperwork. Enthused about his new job, Trent rushed to the IOC office to sign the paperwork. When he got there, he told the secretary who he was. She handed him the stack of paper work and took him to one of the conference rooms to complete it. While going through the documents, Trent noticed a clause for a non-compete agreement. The non-compete agreement was a legal document stating that if Trent were to no longer be employed by IOC, whether voluntarily or forced, he could not enter into, or start, any business with similar products.

Questions:

- 1) What is the ethical dilemma? Is there more than one?
- 2) Should Trent sign the non-compete agreement? What would you do if you were in his position?
- 3) Should Trent have disclosed the information about his family business, even if he had the assumption that he wouldn't be hired? Do you think if he had disclosed the information, it would have made a difference in him being hired?
- 4) Would you try to get a job at a company, even if you felt that it was only temporary, whether it be 1 year or 5 years?

The Ethical Decision:

Trent is faced with a very hard decision here. He wants to get experience at another company, but his ultimate goal in the long-run is to work in the family business. By choosing IOC, Trent's goal isn't to steal IOC's products or trade secrets, rather it's to work in a business where he can gain valuable experience. So this big question... if Trent signs the non-compete agreement and after five years decides he wants to work in his family business, is he being unethical. Many will argue yes because it's a business with similar products. Conversely, some may argue that he is not being unethical because INDUSTRIAL-PRO's primary business does not compete with IOC's.

Submitted by: Jude A. Guerra