

Dilemma: Right vs. Right

Go by the Rules and Risk Corporate Anger? An Executive Director's Dilemma

The Callabra Foundation was set up two decades ago as a private 501(c)(3) organization, independent of its parent company, the Callabra Construction and Development Corporation. The foundation is governed by a board of directors, all of whom are senior management in the company. Truman Johns is the executive director of the foundation, responsible for overseeing its financial and programmatic activities. His duties include forwarding recommendations for funding to the board of directors as well as issuing final approval for disbursement of funds. The board meets three times yearly to review all recommended applications.

One morning, the director of finance for Callabra Construction instructed Truman Johns to process a check for \$2.5 million to a well-known national antipoverty organization. The director of finance explained to Johns that he was making the request on behalf of Hank Weeds, a new member of the foundation's board of directors and part of the new management team brought in by the corporate owners. The director of finance wanted assurance that the check would be sent immediately. He questioned the need for a review since, as he made quite clear to Johns, the appeal was from a member of the foundation board.

Slightly stunned by the request, Johns felt that turning down the request would be the right thing to do. The grant would provide little visibility for Callabra Construction or for the foundation itself. Furthermore the proposed project did not seem to reflect the foundation's areas of interest nor the company's business objectives. To approve an application made in this manner would set a precedent for other organizations somehow connected with foundation board members.

On the other hand, Hank Weeds had power and authority within both the company and the foundation. As a new member, he might not be fully aware of the rules and procedures followed by the foundation to assure equitable and defensible decision making. Although the grant itself appeared to meet the legal requirements of the foundation's operating guidelines and did not involve any self-dealing, this abrupt demand seemed somehow wrong to Johns. He told the director of finance that he would respond within a day.

Analysis

Truman Johns realizes that he has an ethical dilemma to resolve. But what kind of a dilemma is it? After reviewing the facts and his own instincts, he realizes that the dilemma arises from a conflict between short-term and long-term interests. In the short-term, it would be easiest to just say "yes" to this request, strongly recommend it to the full board, and sign the check in a week. But in the long-term, such action might not be best for the foundation, for the board, or for the reputation of Callabra Construction.

In addition, Johns acknowledges to himself that it is also a conflict between individual interests and community interests. If he accedes to Hank Weeds' demand, he will have protected his own individual interests as executive director of a board

comprised solely of company personnel. He also will have met Weeds' own individual interest in supporting this worthy national organization. However, such action might not be beneficial to the interests of the board as a community of peers, or to the larger community of deserving organizations.

With the director of finance breathing down his neck for an answer, Johns knows he must take action. He decides to look at his conflict from the perspective of three dilemma-resolution principles: ends-based, rule-based, and care-based resolutions.

Using an ends-based perspective, Johns would take the action that would provide the greatest good to the greatest number of people. In this case, he might sanction the grant because it would create jobs for the poor. It would enable the foundation to use its assets to complement Callabra Construction's business while at the same time remaining within IRS guidelines.

From a rule-based perspective, Johns would try to make the decision he would want other executive directors to make in similar situations. Should all executive directors bend the rules a bit when requested to by a member of their board? Should all foundation executive directors simply say "no" to a similar request from a senior management person of their parent corporation?

Drawing upon a care-based perspective, Johns would try to get into "the other's" shoes before making his decision. How would he feel if he were one of the other board members and found out how this grant recommendation had been made? How would he feel if he were Hank Weeds and received a curt "no" in response to his request? And how would he feel if he were any one of a number of deserving organizations not funded by the Callabra Foundation once they learned how this grant decision had been made?

Note: This and other dilemmas on this site come to you without their real-life resolutions. We encourage you to think for yourself about how you might resolve them, since the nature of each dilemma is highly individualistic. In sharing these dilemmas, we do not endorse them in any way, but rather offer them for your consideration.