

Guidant case study

Business



Guidance's position was that it was just as dangerous to patients to replace the product as it was to keep the product with the risk of malfunction.

Statistically, cases of malfunction were very low and if Guiding publicized the issue, they feared a mass-exodus of patients would opt for the dangerous surgery to replace a product that was not guaranteed to fail. Guiding was faced with the dilemma of whether to publicize the information they had on the malfunctioning device and make the consumers of their product aware of the risk or to maintain the company status quo and, within their legal right, not publicize the information.

Guiding chose to keep the information private, claiming to have acted in the interest of the consumer. Guidance's decision, although entirely legal, was unethical. Their inaction led to the loss of human life.

The ethical decision, though it could have been financially difficult in the short-run, would have been to publicize the information on the malfunction and recall the product.

Had Guiding acted ethically immediately after they became aware of the malfunction by informing doctors and the public of the risk, Joshua Group's life may have been lost and Guiding may not have been entangled in the ensuing negative publicity and decreasing purchasing offer from Johnson and Johnson. Guidance's action (or inaction) was unethical for many reasons. First, Guiding was dishonest with the consumers of their product.

Although they did not directly lie, they withheld critical information pertaining to the health of their customer. This dishonesty and lack of transparency ultimately cost one life and could have affected many others.

Money played a significant role in Guidance's decision. By 2004, Guiding had grown to 2,000 people. This steady climb and financial profitability had drawn the interest of larger firms. Months before the death of Joshua Group and years after Guiding became aware of the possible malfunction, the multinational healthcare products giant Johnson and Johnson sought to expand their portfolio and purchase Guiding, offering stockholders \$76 per share.

The adverse publicity, and possible financial ramifications, brought on by Group case caused Johnson and Johnson to revisit their offer, and eventually brought their offer down to \$63. In November 2005. Guidance's executives had a duty to their shareholders, and it is safe to assume that part of the reason for their inaction in the years preceding the fallout brought about by the Group case was that as the company grew, and as the marketers for their product grew, any hiccup in their growth, such as large recall of a key product like the Prize 2, would slow tenet Atlanta trajectory and a tens would not be in ten short term interest of their shareholders.

In the long run their inaction led to even larger adverse financial effects and they did not fulfill their duty to their shareholders. Guiding did not, however, completely neglect the interests of their customers because of their financial interests. Guiding believed it was acting with the best interests of their customers in mind by not informing doctors about the possible malfunction and even offered to assist with the medical costs of replacement should a customer choose to do so.

Although there were financial implications, human life outweighs any fiduciary duty, corporate rights, or legality. Strip away all other factors and at the enter of the case is the fact that someone died because of Guidance's inaction. To coincide, if Guiding had acted earlier, not only could Joshua Group's life been longer, but Guiding would have been acting in a way that, in the long run, would have benefited their shareholders, customers, potential buyers, and society.

Shareholders would not have seen the offer from Johnson and Johnson drop by \$14 per share, customers would have been aware of the risk and had the ability to make informed, smart decisions about their own health, buyers such as Johnson and Johnson would to have been faced with the chaos of buying a company in the midst of a publicity debacle, and society would have benefited from ethical, honest business practices, especially in the health care industry.

Guidance's intentions were profit-minded, and foresight of the consequences of their decisions could have had a beneficial effect on the outcome for all parties involved. Human right to life, honesty, and integrity outweigh all other interests and duties.

Guidance's lack of integrity and dishonesty led to an unethical decision and ultimately cost Joshua Group's life.