

Pratt Construction: Is Blood Thicker than Water?

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Abstract

Pratt Construction is a third-generation, family-owned construction firm in Austin, Minnesota. Although Pratt Construction is financially successful, ongoing conflict between its co-owner brothers has created a dysfunctional leadership environment. Jacob Pratt, a third-generation family member and recently promoted site supervisor, has been mentored closely and entrusted with proprietary knowledge central to the firm's competitive advantage. A turning point occurs when a trench collapse on a major municipal project seriously injures a longtime employee. While the company is found technically compliant with safety regulations, the incident intensifies internal conflict and leaves Jacob grappling with guilt, responsibility, and ethical distress. As trust erodes and the firm's future becomes uncertain, Jacob considers leaving to start a competing business, raising difficult questions about loyalty, integrity, and ethical responsibility in family enterprises.

Learning Outcomes

In completing this assignment, students should be able to:

1. Identify ethical dilemmas that arise in family-owned businesses.
2. Evaluate competing stakeholder interests in complex business decisions.
3. Distinguish between legal permissibility and ethical responsibility, especially in situations involving proprietary knowledge.
4. Examine strategies leaders can use to reduce harm to stakeholders during organizational exit or entrepreneurial transition.
5. Analyze how overlapping family, ownership, and management roles create structural conflict and leadership challenges in family-owned firms.

Application

This critical incident is most appropriate for undergraduate courses related to family business, ethics, business law, management, and/or leadership.

Keywords

family business, succession planning, ethics, business law

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