LEADING THE CRUSADE FOR ETHICS IN BUSINESS

If Good Ethics is Good Business, What's the Problem?
By Frank C. Bucaro

Though the number of cases of ethical scandals in corporate America continues to increase, some companies are still not deterred. It takes as little as one employee's action to create a major ethical breech. Yet, some company leaders still do not understand.

A young man in his upper twenties worked diligently for the financial services company for five years. He was well versed in the legalities of the industry and received multiple awards for surpassing his sales' goals.

One of his top producers decided he should get compensated for doing business with the young man's company. Of course this type of compensation is illegal and unethical. The producer actually put his desire in writing. Once the young man received this letter, he took it directly to his manager. His manager says, "Look here, this stuff happens. You need to be a team player and not make such a big deal of his request. This stuff has been going on before you got here and will continue to, so just pretend this never happened." It was not long after this occurrence, the young man left the company. He did not want to be there when the cards fell. Sure enough, not one year later, the company sold off this department because its sales were lackluster.

If we know that being ethical will help business, what is the problem?

The problem is that it's difficult to remain committed to high ethical standards. Not only do great leaders know that ethics is good business but they include the most important and most neglected step. They communicate the importance of ethics by their actions. These successful leaders do the following:

1. Develop a Code of Ethics.

Remember that annoying kid from your childhood game-playing days jumping up and down shouting "I didn't know! That's not fair!" when you explained "You're out!" You might face a similar situation in business if ethics and compliance issues are viewed as arbitrary or ambiguous. The stakes, however, are greater in business.

A Code of Ethics helps to negate the argument, "I didn't know." Most businesses and most employees view themselves as ethical. The Code of Ethics helps to remove ambiguity and clarify what is acceptable. Introducing it early on in the employment process, and continually reinforcing the importance of ethical behavior can save the organization time, money, and embarrassment. It also communicates to the employees that the Code is not just a statement framed on the walls. The entire company abides by this code, believes in this code and sees the code in action on a regular basis.

2. Design an ongoing ethics training program.

A successful training program does not stop with one presentation. An ongoing approach to training employees on ethical decision-making and the company's ethical culture is paramount.

The State of Illinois has recently come under much scrutiny for having an online ethics test mandatory for all its employees. It was slated to take about 30 minutes to complete. Some employees were reprimanded for completing their test in ten minutes. These employees were asked to sign a non-compliant packet, when in fact, they believe they were compliant with taking the test.

The message is, this online test, is not appropriate training. It's a test that takes some participants 10-30 minutes. How effective can a 30-minute online ethics test be in training the employees about making ethical decisions, working with customers, and developing an ethical environment?

3. Support and reward ethical behavior in the workplace.

In a study done by Reuters (October 12, 2005), more than half of U.S. workers have seen at least one type of ethical misconduct in the workplace. However, 45% of these workers did not report violations because they feared retaliation or felt that nothing would be done to denounce the unethical behavior.

Key leaders in an organization may not have to worry so much about catching the unethical behavior if they rewarded the ethical actions of their employees. The saying "An ounce of prevention is worth a pound of cure" applies to the health of an organization as well as health of a person!

Here are a few examples on how to reward ethical behavior:

Have a simple process known throughout the company, to report ethical actions. Possibly a box, similar to a 'comments/suggestions box" where any employee can provide a documented example where they witnessed someone taking the high road and following the company's Code of Ethics. If you have a process where employees can report unethical conduct, do the same for the ethical conduct.

Key leaders could hand write a note of congrats and thanks in a specific situation where ethical behavior was demonstrated. (It is important to do this even if the sale is not completed!)

Publicly acknowledge the person for their ethical behavior. This accomplishes two things; first, its shows that ethical behavior is not only seen, but also appreciated, and it communicates this positive message to all employees. Soon, all employees want to be acknowledged for the same reason. What would this do for your company's ethics?

Developing a healthy, robust, and ethical organization is not easy. It takes courageous leaders who not only know what is right but ones who are willing to put forth the time, effort and resources needed to ensure that the entire company is well prepared to take the high road and conduct themselves ethically. This process is no simple feat, but one that will ultimately determine the success or failure of your business.

ABOUT THE AUTHOR

Frank Bucaro is an author, speaker and consultant who specializes in the benefits of ethics for business growth and personal success. Using a distinctive blend of humor and enthusiasm, Frank works to integrate ethical standards with solid business practices. His clients range from Fortune 500 companies to associations to small businesses. Frank's latest book, "Trust Me! Insights into Ethical Leadership," highlights the unique role of ethics in leadership today. For more information about his speaking and consulting, please visit www.frankbucaro.com or call 800-784-4476.