



LEADING THE CRUSADE FOR ETHICS IN BUSINESS

## **When What Matters Most is NOT Your Bottom Line.**

**By Frank Bucaro**

It is hard to disagree that good ethics is good business. What many organizations struggle with is how to support ethical behavior, communicate the values of good ethics within and outside of the company's walls and how to deal swiftly and justly with unethical misconduct.

An important part of developing an ethically sound company is 'stewardship.' Some call it 'corporate social responsibility.' Basically, stewardship can be defined as 'what you do, once you say that you believe in your mission statement, code of conduct/ethics, core values.'

The greatest example of stewardship in today's marketplace is Patagonia, the outdoor specialty apparel and gear maker. Ethisphere Magazine™ ranked Patagonia among the top ethical companies for apparel in 2007. The story is quite fascinating, but what is most exciting is how Yvon Chouinard, the founder, melded a natural partnership between ethics and business success.

Chouinard's driving force has always been his passion for the earth. He began mountain climbing in the 1950's and developed a natural appreciation for the environment and its beauty. This appreciation propelled him to use his passion towards the betterment of the environment. From early on, honing his blacksmith skills that he picked up from his father, Chouinard made pitons (a steel spike drilled into rock to aid in climbing) that he sold for \$1.50 a piece out of his car, and lived on those proceeds for months, while he spent his summers climbing.

### **1. You actions must support what you say!**

It was not until 1970 that Chouinard discovered that his equipment company (Chouinard Equipment) was becoming an 'environmental villain' with the repeated use



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of pitons that were hammered into well-known routes up several mountains. He realized that his pitons were destroying the thing they most loved – the rock in the mountains. These pitons were the mainstay of their business and with mountain climbing growing more popular, Chouinard was extremely concerned. It was during a routine climb that Chouinard and a business associate decided to phase out of the piton business when they saw firsthand the damaged rock that their pitons caused. They did not think twice about this decision.

One of their core beliefs was ‘strive to do no harm’ and when they realized a product of theirs was hurting the earth, they immediately decided to stop selling it. They found alternative material to serve the same purpose without causing such damage. Their actions served as an example of the first core value of stewardship.

## **2. It’s not about you! Be others-centered.**

Chouinard states that he never set out to be a businessman. He did not dream of building a multi-million dollar company. He wanted to enjoy and appreciate the environment and help others do to that. He yearned to share his passion with others who hold similar passions. What is your passion? What do you dream of? How can you help others? The second core value of stewardship is how to be focused on helping others. Life will go on even when you are gone.

What is your company doing today, to leave a lasting legacy for tomorrow, to better the world around us? Maybe it’s the environment, maybe it’s developing your employee’s skills to help them be the best they can be. Maybe it’s to make a product or service that will relieve pain or end suffering. What is your company focusing on, making money or sincerely helping others? (And this does not have to be mutually exclusive!)

In Patagonia’s case, they long to leave a legacy full of ethically and environmentally responsible people that use their passions to sustain natural resources



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and take care of the earth. Their core values led them to found “One Percent for the Planet” organization. Chouinard knows that when he passes away, the world goes on. In fact, he knows that the degradation of the environment, the burning of the ozone, the elimination of endangered species will linger long after he is gone. However, to leave a lasting legacy, he has partnered with 574 other organizations (as of June 8, 2007), to “donate at least 1 percent of our net revenues to efforts that protect and restore our natural environment.”

Patagonia is not thinking about themselves. Yes, they are a business and yes, they must make money to donate anything. However, their passion lies at the forefront of their legacy. Their business is not about them, it is about preserving the environment and using their resources to influence others to do the same; it is about making products to help their customers live out their passion.

### **3. Is it the right thing for the customer?**

To be a good corporate steward, ask yourself two questions:

Is this in line with company’s objectives?

Will this decision result in the right thing for the customer?

If the answer is “no” to either question, don’t do it. Referring to your company’s objectives or code of ethics is comparable to referring to the rules for playing a game. You must be certain that employees (the players of the game) know the rules (the code of ethics/conduct) before they being to play (work for your company).

The first question should be fairly simply to answer if you know, and empower all employees to know, the company’s objectives, code of ethics. The second question may take a little work to answer. Who determines what is right? What Patagonia has done is defined the company’s objectives and then compared who their customers are and what is in the best interest of their customer.



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Patagonia created a checklist of quality measures for their designers to consider. All products must be functional, multifunctional, durable, and must fit their core customers. The designers then started with the functionality of the product asking questions like “where is this product going to be used, in a hot or cold climate?” “Should it keep moisture out or does it also need to breathe?” Then, they found the materials to accomplish that function. They sought out to make one piece of clothing, with two uses (multifunctional), a jacket that wicks away moisture but that also allows for full range of arm movement. The goal of their products being durable is that after a long lifespan, all the parts of the product should wear out around about the same time, which to Patagonia, is a sign of high quality.

Patagonia builds their products and services with their customers in mind and they sincerely concentrate a lot of energy on their core customers, their desires and wants. In return, they are a multimillion-dollar company sustaining profitability for the long haul.

You can hardly consider a company ethical, if they are not a good steward. How does your organization show its care for others? Focus on how you can be more of a steward, be it for the environment, specific charities or causes, or the development of your people, both professionally and personally. Strive to model the behavior you expect, based on the values you profess. If you do this, and do it continually, then brace yourself for great success.

#### **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](http://www.frankbucaro.com) or call 800-784-4476.